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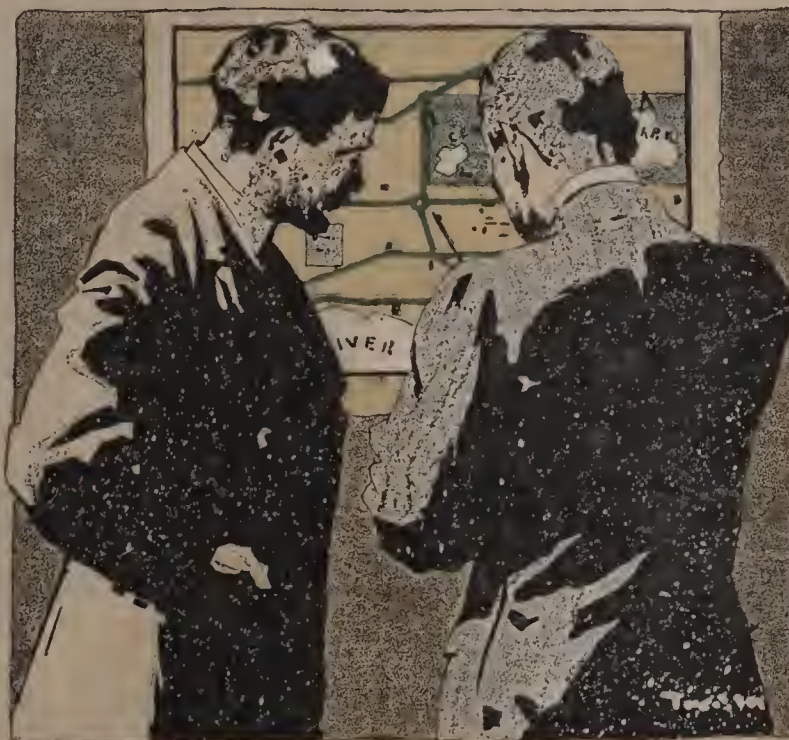
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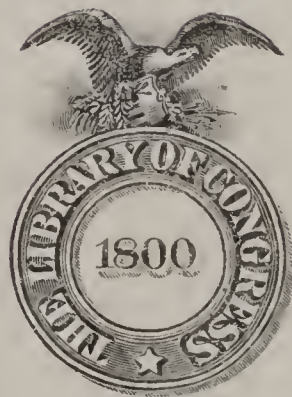
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HOW TO SELL MORE FIRE INSURANCE

67 BUSINESS GETTING
PLANS USED AND
PROVED BY 38 AGENTS





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HOW TO SELL MORE FIRE INSURANCE

PROVED PLANS FOR FINDING
AND FOLLOWING UP PROSPECTS—
ADVERTISING METHODS THAT HAVE
BROUGHT RESULTS—TRIED-OUT SCHEMES
FOR LANDING POLICIES—HOW TO WIN
BUSINESS BY SERVICE TO CLIENTS—
HOW TO HOLD CUSTOMERS

67 BUSINESS GET-
TING PLANS USED AND
PROVED BY 38 AGENTS



THE SYSTEM COMPANY
CHICAGO NEW YORK
A. W. SHAW COMPANY, LTD., LONDON

1909

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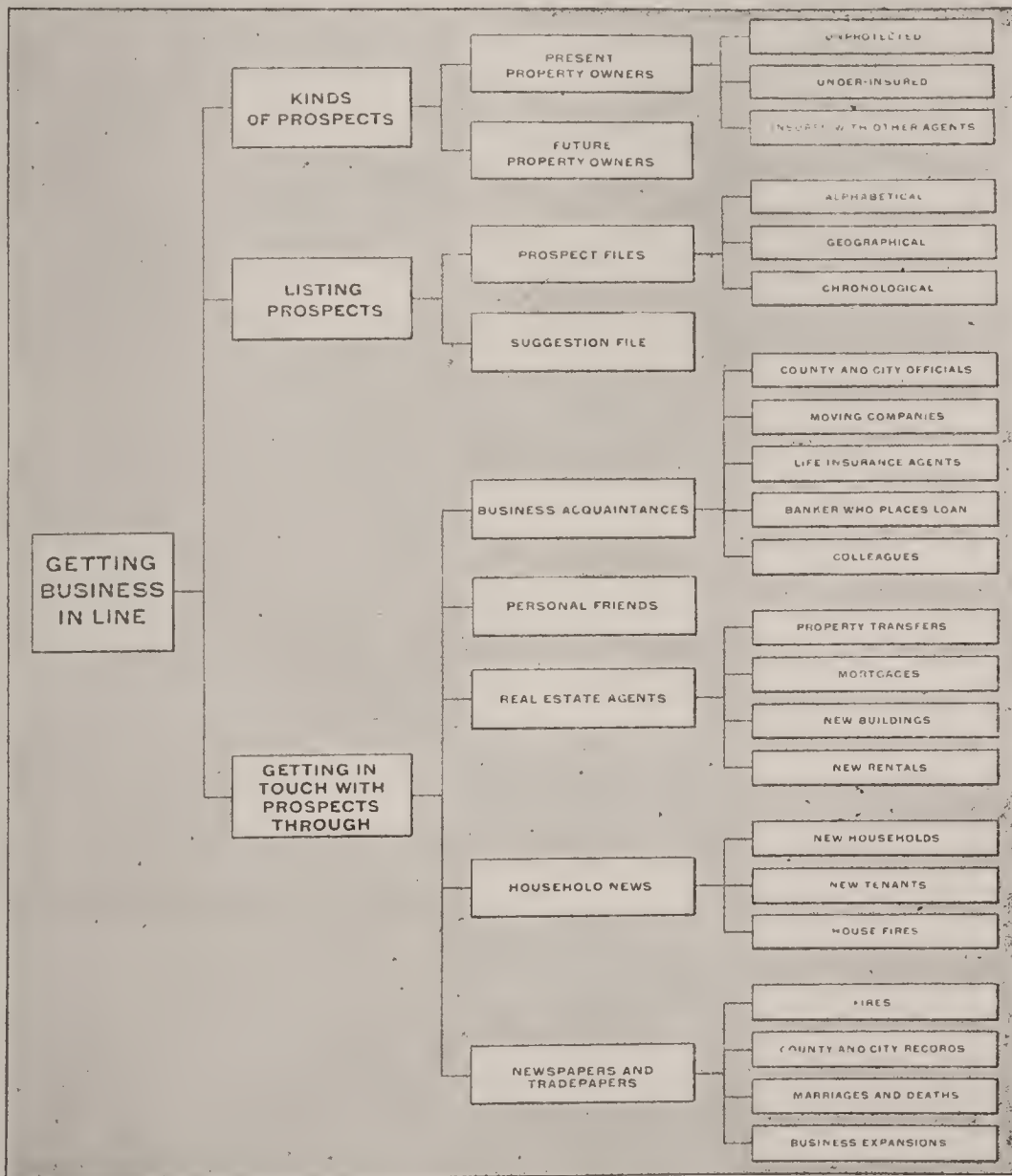
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Part I

HOW TO GET BUSINESS IN LINE



A graphic analysis of the sources of fire insurance prospects and the necessary steps in the process of getting business in line

Have a Plan

THE man who is satisfied with what comes to him unsolicited answers few knocks at the door.

The stay-at-home misses daily opportunities that pass at the next corner.

Get away from the desk—get out of the chair-tilting class. Opportunities are in perpetual motion. Get after them.

Don't let custom dictate the boundaries of your business—don't let convention hold you down.

Lay out a plan, a campaign for new business—then go after it. Exhaust every source, swing every prospect into line.

Don't be satisfied with the business that you have—get more.



CHAPTER I

The Sources of Business

BY H. DALMAR

Of H. Dalmar & Company

More customers—that is the open secret of more business. When the business scientist lugged commerce into his laboratory, he didn't need an authority to tell him why Jones made a million and Smith died a bankrupt. His fifty-fifth assistant could have analyzed that problem. The formula has but two characters and reads "More Customers."

And yet, the solution should have gone a step further. The analysis should have been final—it should have shown *why* Jones got the customers, and Smith did not. To this, one answer is simple—Jones recognized every obvious source of prospects and created some of his own—Smith did not.

*Turning the Restrictions of Your Business into Profit-
building Plans*

Don't drift along like Smith with an apparent disregard for the future, but sit down and analyze your business—fire insurance. You are but human—and you find, first, the stumbling blocks, the restrictions, the difficulties. Primarily three conditions have contributed in

building a wall of uniqueness around the business of writing fire insurance: (1) The realization on the part of nearly every insurable person that he should carry fire insurance, (2) the common rate for all companies, (3) the frequent indifference of prospects as to what company shall insure them.

But while these restrictions preclude some methods of solicitation, they afford the agent help in laying out and analyzing his source of prospects. For the very reason that fire insurance is almost universally recognized as a commodity as staple as coal and wheat, the solicitor is enabled to draw from a clientele bound only by the confines of his own territory. The common rate and the indifference of clients as to companies allow the agent to push his claims for recognition among all present and future owners of property. These two general sources of prospects—present property owners and possible owners of the future—are divided into four classes: (1) those who should be insured but are not now protected; (2) those who are not carrying a sufficient line; (3) those who are carrying their insurance with other agents and from whom you have an opportunity of persuading at least a part of their line, as a wedge to securing all ultimately; (4) those who have the prospect of becoming property owners.

While the average agent does not attempt to classify his prospects under these divisions, he does recognize that nearly every man in his territory is a prospect for his solicitation.

Getting Down to a Study of the Prospect Field—Making Gossip Pay Dividends

Analyzing your field still further, you will first find that your greatest source of prospects is obviously found

in your list of friends and acquaintances. The other general sources are included in strangers whose names and possibilities are suggested to you either directly through your friends, or indirectly through news of them which suggests the opportunity of writing business. Keeping these two sources of prospects in mind, the agent plans a system which, in his daily work, will at no time let possible business of friends or strangers escape his notice. That is, he makes gossip and news items pay profits. From the newspapers and the gossip of the street he gathers such data as real estate transfers, building permits, fire losses, expansion of mercantile houses, mortgages, loans, marriages, and the itineraries of the spring mover. And in order that he may not forget any such bit of news that may prove valuable in the future, he uses a clipping file such as is described in the next chapter.

*Indications of Opportunities in the Activities of the
Commercial and Domestic Worlds*

In no instance must the agent belittle the significance of these sources of prospects. Fire losses, observed from news items or fire records, indicate rebuilding or the replenishment of stocks of goods, household furniture or manufacturing equipment, all necessitating new fire protection. Possible dissatisfaction with the loss adjustment through the agent who wrote the insurance on the destroyed property gives another agent an opening for the business. The establishment of new enterprises, the building records, the expansion of mercantile houses mean, on the other hand, new or increased values to be protected against fire loss; and these contribute additions to the agent's list of possible clients.

Real estate operations of almost every kind afford the

opportunity for writing insurance. The man who builds or buys a new flat building, house or mercantile establishment must insure it. The lender on real estate must have protection against reduction in the values of his security through fire loss. The family moving to a new home or the merchant to a new store has goods of one kind or another to be insured. The newly married couple and the young man with plans of going into business for himself are other prospects. Van movers will frequently give the names of prospects, and business is often secured on the spot when the solicitor follows the van itself.

Competition for the insurance on new buildings is always keen among insurance brokers and this involves the keeping of careful records of all new buildings in course of construction. Such records are easily kept in the file. The information is obtained from various sources. In large cities, the building permits which are necessary and are a matter of public record, are filed with the city officials and canvassed daily by the brokers. In the smaller towns a record of new buildings going up may be obtained from the daily newspapers or from gossip of the street. A transfer of real estate always involves a change of insurance, therefore it is also quite as necessary for the insurance broker to know of real estate transfers as to know of new buildings going up. These may be kept track of from the county records and the weekly newspaper notices. Many cities also have publications which record transfers of real estate.

Opportunities for Business at Particular Seasons of the Year

During the busy moving seasons in the spring and in the fall, there are many changes in the location of stores, offices and even warehouses, as well as the opening of

new business establishments in the mercantile districts, which should be observed by the insurance agent. These are usually announced in advance by signs on the old establishment or on the new ones and a tour of the section at these periods gives the agent fruitful opportunities for business. Agents of transportation companies can often furnish him advance information of large shipments of various commodities which are being transferred to his locality for storage; and these, too, represent a possible line of insurance for him to solicit.

Thus, in outlining his sources of prospects, the agent finds that he must include every field, and come in contact with every variety of mankind. He learns that besides property owners, there are many other prospective clients—that nearly every person represents a possibility. Therefore, the fire insurance agent notes not only property owners, but makes his list comprehensive, including every person from whom he thinks he may some day secure business, and every source which some time in the future may result in an unprotected risk.

Use Your Eyes

SPECIFIC opportunities noted—seized—improved. There you have the program of most successes in fire insurance.

Every minute in the day a source of more business faces you. Not to be blind; to recognize the chance—to see every crevice that invites your wedge—this is to win.



CHAPTER II

Getting Prospects in Line

BY L. E. YAGER

Of L. E. Yager & Company

“Confound it, I knew about that,” you exclaim when you learn that Jones has purchased the Majestic Block on Main Street and given the insurance to your rival. And thus it is repeated from day to day. You know and yet you don’t. You should have remembered, but you didn’t. While you know that remembering means success, you continue to forget. Business that might be yours for the asking slips away from you because you forget to make a strike at the psychological moment. And yet this is only natural. The mind is unable to register and index all the details of a busy life. It demands an assistant.

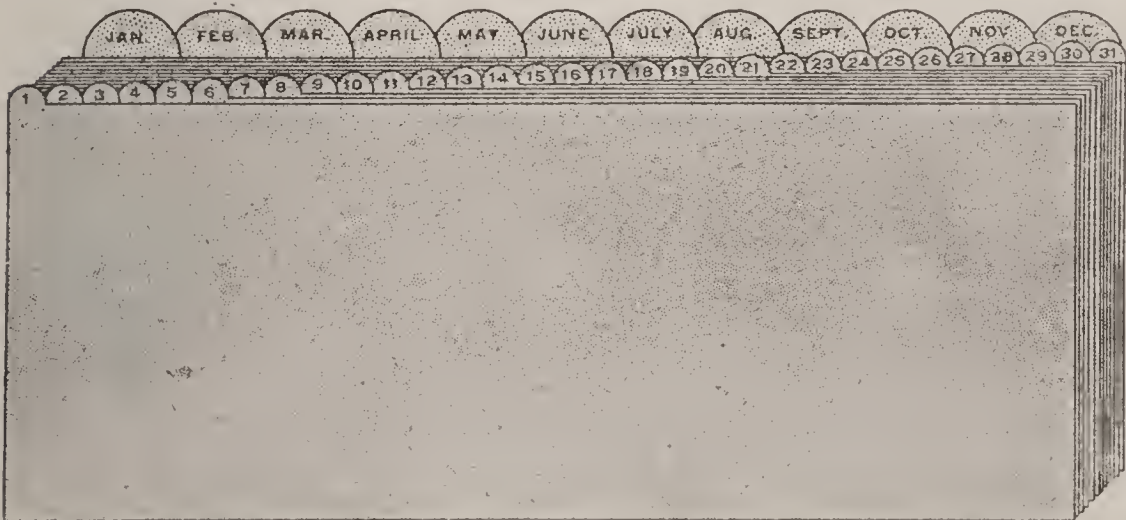
The Agent’s First Aid—A Clipping File Showing the Source of Prospects

The insurance agent needs several of these aids, but the first is the clipping, or “source of prospects” file, mentioned in the preceding chapter. Not only does such a file classify all the sources of possible business, but upon it depends, primarily, the effectiveness of the agent’s lining up of prospects.

This file is designed solely for collecting and classifying sources of prospects. It must in no way be confused with the prospect file described in the succeeding chapter. This clipping or "source of prospects" file is the most informal of all those used by the fire insurance agent, and therefore may be improvised from old files in the office. All that is required is that it be of convenient size and equipped with memorandum cards and guides for the thirty-one days of the month and the twelve months of the year.

Probably the most convenient file is one of a size calling for cards four and a half inches long and three inches high. The file itself should usually be about eighteen inches in length, thus providing ample room for a year's filing.

Putting this file to use is a very simple matter. As the agent hears, for instance, of a possible building to be erected, he jots down the name on a card or slip of paper and drops it behind a guide card a week or a month ahead, according to the time he thinks it best to follow up the clue. Newspaper clippings of marriages, fire losses, business expansions and all the printed items



A simple "tickler file" is here represented. Behind the various date guides, clippings and cards are placed as reminders of calls to be made from day to day

which relate to the source of prospects are slipped behind guide cards for future reference in the same manner. When these general rumors can be traced down to specific individuals, their names are entered upon the more systematic prospect file where the business can be thoroughly watched.

The clipping file, to preserve its simplicity, has but one set of daily guide cards. These are used for the entire twelve months. Each morning the card for that day is moved forward to its position in the next month, so that at the end of thirty days, the daily cards are in their proper places for the succeeding month. Of course, matters which are not disposed of from day to day and which need attention at future dates, are also moved forward with the guide cards. Such a file, if carefully kept, brings every source of prospects to your desk. It crystallizes and preserves the news and gossip of the street.

While this file affords a means of lining up the business so that no opportunities will be slighted, it does not collect this information by itself. Nor is it possible to find a mechanical method that will do so, for this depends upon the unstable quality of the agent's personality and ability. Still it may be wise to repeat the general sources of business and impress the agent with the necessity of making each one pay profits.

*Draining Every Source of Business—Securing the
Co-operation of Your Friends*

Every fire loss offers opportunities at the time of rebuilding, or through dissatisfaction with the settlement. It also offers opportunities for canvassing near-by residents—the persons who, for a few days, have the fear of fire uppermost in their minds. The canvassing of new

enterprises and of new buildings must not await their establishment or publication; they must be anticipated. This is best done by keeping in close touch with the county recorder of deeds and the city clerk. By cultivating the close acquaintance of these men, information may be received daily—always before the public is generally aware of the project.

In the offices of the recorder and the county clerk, the agent can also secure advance information as to all transfers and sales of property; marriages, deaths, loans and expansions of business—all of them possible sources of business.

Transfers of property always suggest a prospect of writing business for the new owners; the change of owners often presents new conditions which make it possible for the agent to secure a risk which he had solicited in vain before.

It generally follows that after marriages there will at least be household furniture to insure at once, and as the couple grow more prosperous, a home, and possibly a business. For a similar reason bachelors' effects and mechanics' tools are good risks to secure, not for present profit, but for the business of the future. Deaths are followed by the transfer of property, and risks which have been impregnable to your attacks may be had from the heirs at the first expiration. Loans necessitate collateral security, which the lenders demand be insured. By keeping in touch with the bankers much business may be secured in this way.

These, to some extent, are the general sources of prospects from which the agent draws his revenue. Before he can hope to build up a maximum amount of business, he must first analyze the broad field of prospects and the specific chances which may be peculiar to his locality.

The second step is to canvass these sources daily, securing the information early and recording it all in the clipping file, long in advance of the agents who wait until a risk becomes a tangible reality before putting in a bid. Solicit the business while buildings are in the air, while they are on paper, and before they are sold. Keep your solicitation up to the minute.

On Early Rising

THERE is a certain observation—too old and too homely to quote—which takes up the proposition of the early-rising bird and the unfortunate fish bait. The statement is subject to proof—in the fire insurance field, among other places.

The wide-awake agent writes the policies. He stands in the market-place where the world's news notes converge from north, east, south and west. Every happening has a direct significance for him—in his business.

Before the rumor has filtered through his rival's storm-windows, the outdoor agent sees the clew—follows it—clinches his case.



CHAPTER III

Making up a Prospect List

Prospects are the insurance man's basis of business. Consequently every person who shows any promise of becoming a client should be watched and cultivated as closely as the gardener would care for and encourage a plant that promises fruit. And the first requisite to this constant contact with the prospect is a system of records which will place all information regarding him available for immediate reference,

Advantages of a Card System in the Work of the Fire Insurance Agent

Several systems have been devised and used successfully for listing prospects. No one of them, probably, would suit the circumstances of every agent, and possibly all of them may be made more practicable for every day use by the addition of some supplementary provision, to meet the individual salesman's particular needs. The system here described combines the best features of a number of these and is so flexible in its method of operation that with slight variations, it should meet the needs of almost any agent.

This listing scheme, like the clipping file, is based on the card system—a method which seems particularly

JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC.																														
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31																														
NAME																														
ADDRESS																														
PROPERTY																														
INSURANCE CARRIED	AMOUNT		COMPANY		RATE		EXPIRES	YEAR		MONTH		DAY																		
PROBABLE INSURANCE																														
DATE CALLED		REMARKS ON INTERVIEW																								TO CALL AGAIN				

Form I: Chronological prospect file, capable of recording names, appointments and data throughout the agent's lifetime. Such a file remembers every detail

suited to the salesman's work. By its use each prospect is individualized, each interview is recorded, indiscriminate canvasses are avoided, "dead" prospects are quickly disposed of, systematic methods of work are promoted in the agent himself, and a correct judgment of the value of prospects is developed.

The chief variations of the system are in the manner of filing. The first of these, and the one which is possibly the most convenient, may be designated as the date system, since its primary purpose is automatically to register each day's prospects for the solicitor. The entire record is entered upon a single card (Form 1) which is provided with blanks for filling in all the details involved in the canvassing of the average prospect. Name, address and character of the risk are shown at the top, a memorandum of the insurance already carried at the right, and blanks for recording interviews and appointments below.

To provide for systematic filing of these cards the cabinet should be divided by labeled cards into twelve sections, one for each month of the year, and in addition there should be thirty-one cards bearing numbered tabs for the thirty-one days of the month.

When the agent first gets in touch with a prospect, he fills in one of the cards as completely as possible and files it in the case under the date when he considers it advisable to make a call. For the current month, he places the thirty-one daily guide cards in the front part of the file and drops his new card back of whatever date he selects as the logical time for the initial call or follow-up, as the case may be. If the call is to be made several months later he places the card in the section back of the guide card for the proper month. The cards should be placed in alphabetical order under each division, to facilitate selection in case the record of a particular prospect is to be looked up.

So, while his prospect cards are all classified under a general division of months, his work for the current thirty days is specifically outlined. At the end of each month, he takes the next group in order and judging from the exact dates noted on the cards themselves, distributes them among the daily guides. Thus it requires but a few minutes' time again to lay out his work for another thirty days as far as his old prospects are concerned.

*Preparing for the Work of the Present and Fortifying
Yourself Against the Future*

It will be observed that this prospect card contains at the left spaces for entering the plan of insurance proposed and for the date the prospect is written, in case the agent succeeds in selling him a policy. When this

is filled in the card becomes a client record and is removed to a file which keeps tab of future expirations.

Once put into operation, this system will be found of inestimable help to the agent for keeping in prompt touch with the circumstances of all his clients. Each morning the current date brings before him the work of the day. Calls that have been set for that specific time are made. If the prospect is written, the remainder of the card is filled in as suggested. If he is not written, it is only necessary to make note of the next follow-up date and file the card ahead. It will then come up again for attention automatically at the proper time.

There are two other variations in the method of filing the prospect cards which may appeal to some agents as being more convenient for their purposes than the one first presented. One of these is the straight alphabetical arrangement. In this the filing cabinet is subdivided by guide cards bearing the letters of the alphabet and the prospect cards are placed in order so that it is possible

A												B											
JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.												
NAME																							
ADDRESS																							
PROPERTY																							
INSURANCE CARRIED		AMOUNT		COMPANY		RATE		EXPIRES		YEAR		MONTH		DAY									
PROBABLE INSURANCE																							
DATE CALLED				REMARKS ON INTERVIEW																TO CALL AGAIN			

Form II: Alphabetical prospect file which lists names in sequence and at the same time provides for a chronological method of following up prospects

to pick out any particular card at any time.

To provide for the follow-up, the names of the twelve months of the year are printed across the top margin of each card. Then to designate a certain future date for calling on a prospect a metal clip is placed over the proper month on the margin. The exact date, if there be one, is entered on the card itself. All prospects demanding attention at a certain time will then be designated by the row of clips extending from front to back across the file over a certain date. That is, on the first of September, for example, the agent by glancing across the top of the file, will be able to pick out all the cards due for a follow-up that month.

A System Which Conspicuously Defines the Nature of Every Risk

An additional feature which may be incorporated in this compact index is an arrangement of different colored cards and clips which indicate the nature and amount of each risk. Thus a white card may represent factories, a red card stores, and a blue card household goods. The metal clips are used in the way described to indicate follow-up dates, and by using a variety of colors of these clips the approximate amount of the probable insurance may be specifically indicated. A red clip, for instance, may represent anticipated insurance of \$1,000 or less, a blue clip \$5,000 to \$10,000 and the green clip may show that the expected business is in excess of the latter figure.

Still another arrangement of the file, involving the use of the same system of clips, is the geographical method. Here the cabinet is divided into sections according to the prospect's location. This is seldom found practicable because the average agent usually works in a single town or over a rather restricted territory, in which the alpha-

EVANSTON				KENILWORTH			WILMETTE			RIVERSIDE		
JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	
NAME												
ADDRESS												
PROPERTY												
INSURANCE CARRIED	AMOUNT	COMPANY	RATE	EXPIRES	YEAR	MONTH	DAY					
PROBABLE INSURANCE												
DATE CALLED	REMARKS ON INTERVIEW								TO CALL AGAIN			

Form III: Geographical prospect file, which lists prospects according to location, and which also affords a means of regular follow-up on prospects

betical or date system answers every purpose; but it may prove of value to city agents, who wish to list their prospects according to streets, suburbs or buildings.

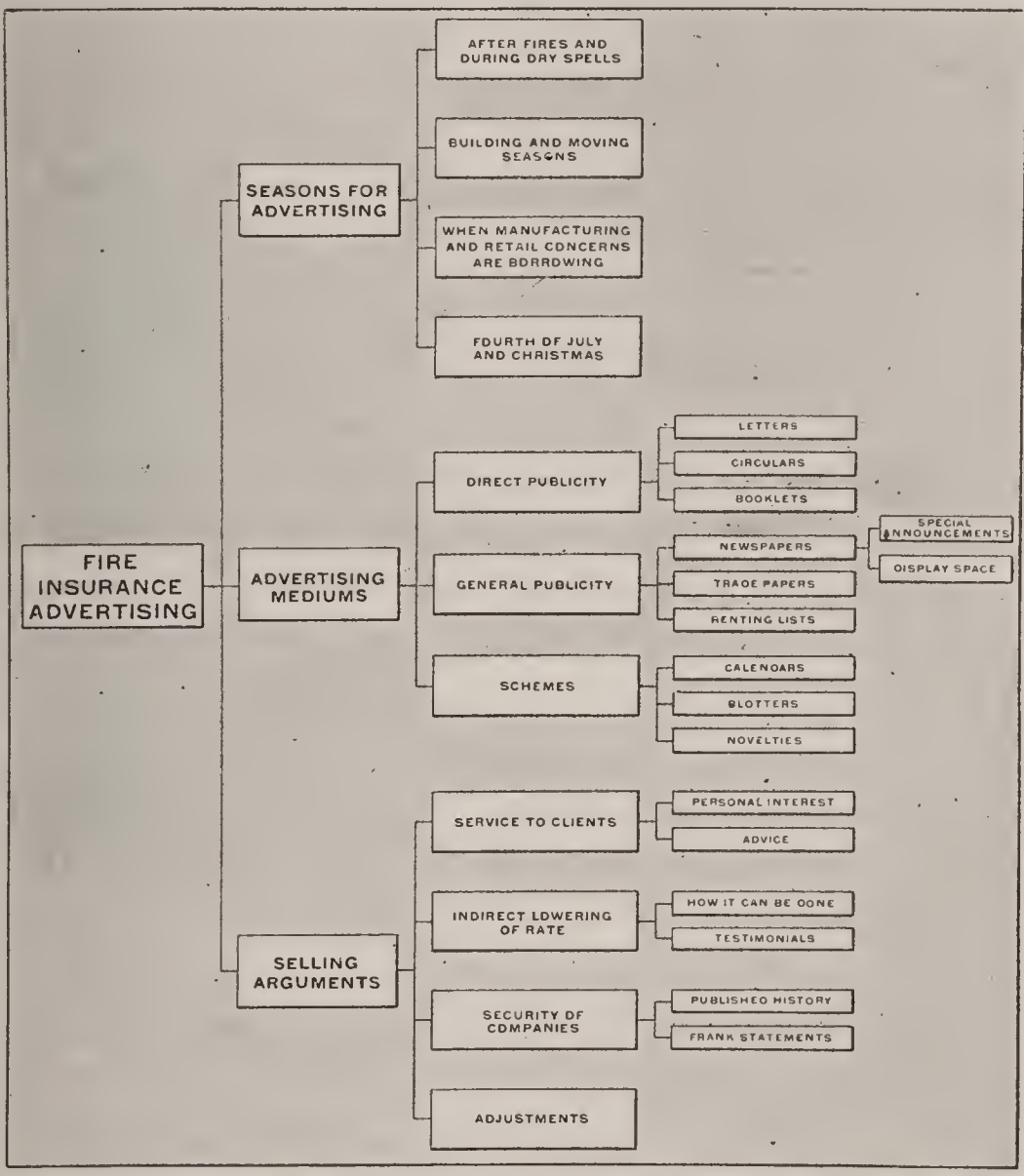
The primary purpose of this system is to file the prospect list in such a way that, with the least trouble, the solicitor may pick out names in the same general geographical location. When calling on a new prospect, he can note the direction in which he is going and can visit other prospects who might advantageously be seen on this particular trip.

The Card Memory

THE card index memory never forgets, always gathers; it is experience crystallized—unflagging.

Part II

HOW TO ADVERTISE AN INSURANCE BUSINESS



Factors in fire insurance advertising, showing mediums and publicity plans that have been most productive of results in building greater business

Throw on the Light

INTEGRITY advertised is the big secret of a full policy register—a thriving agency.

You may be right as a man; your companies may be the strongest and the biggest; your facilities may be the best for caring for the insured.

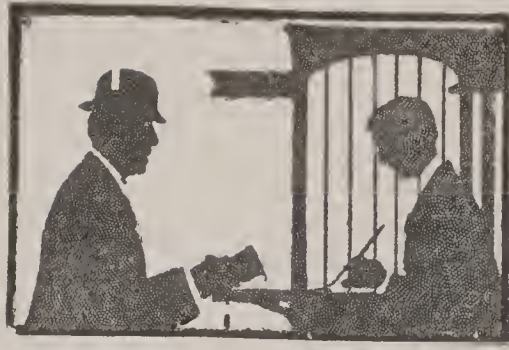
But the public has got to know.

Keep always the talking point of integrity before the public. Turn on the light. Get in the glare of right publicity. Make known the many merits of your underwriting power.

Success in advertising is simply focusing the diverging rays of public opinion at your agency desk.

Make your integrity—your fairness—your power, known.

Throw on the light. Advertise.



CHAPTER IV

The Essentials of Insurance Advertising

The agent who introduced his fire insurance business by hanging out a neat sign and inserting a formal card in the newspapers, missed the first elements of successful advertising. He failed to arouse curiosity, and, therefore, failed to reach the point of contact with the prospect.

The aim of all publicity is to arouse the curious interest of the reader, to suggest a want and to convince the prospect that no other agency can so perfectly supply that want.

Surely these three elements of successful advertising have not been incorporated in the limited attempts toward fire insurance publicity. Insurance agents, by virtue of the peculiarities of their profession, have been backward in claiming recognition through advertising mediums. They have felt that the establishment of maximum and minimum rates has placed them all upon an equal footing; that they have had no basis for advertising campaigns and must depend upon their own personal solicitation.

And yet, solicitation is as much an advertisement as the filling of a column in the newspaper. The solicitor in his personal calls holds forth the same arguments for

the business of the prospect as those placed on the printed page. The insurance business is not a formal occupation. To get the business, strong publicity bids and active solicitation must go hand in hand. The time is past when orders come without solicitation and advertising.

*The Analogy of Bank and Fire Insurance Advertising—
The Four Elements of Publicity*

Ten years ago the impressive bank president would have shuddered at the thought of advertising. Since then progressive banks have substituted large type, strong arguments, and artistic pictures for the formal card in the financial section. As a result, some of these advertising banks hold ten times their proportionate share of the nation's deposits.

Now a bank and a fire insurance agency are similar in two features: bank interest and insurance rates are nearly uniform throughout the country, and each offers free services. The time is past when the majority of banks refuse to advertise, and a similar condition is becoming apparent in the insurance world. The banks choose the mediums of advertising which will best exploit the particular features they have to offer. This must be the attitude of the advertising fire insurance agency.

In seeking to expand his business, the agent must analyze the four elements of fire insurance advertising: (1) He must determine the best methods of reaching the prospects in his particular field; (2) he must determine the seasons for advertising; (3) he must select the best mediums; and (4) he must build up his selling and service arguments.

With but few exceptions, the newspapers will be the most effective mediums for advertising. This is especially

true in small towns where the newspapers are read from first page to last, and where the readers take a stronger personal interest in local enterprises than do subscribers to the larger city dailies. Trade journals and provincial weeklies are also closely read. For this reason, advertisements inserted in these publications are almost sure to be seen by every reader. The value of circulars, form letters and advertising schemes depends upon their preparation and local conditions. For this reason, the agent will have to check his results carefully.

Seasons for Advertising Fire Insurance—Planning the Campaign

As another preliminary to advertising his business the agent must determine those seasons for publicity which will best suit the particular conditions in his field. But he will find in a general way, four opportune periods for pushing his claims: the moving, borrowing, building and dry seasons.

During the moving times of spring and fall the prospect field is enlarged by the addition of every family seeking a new home. Also, in the early spring, the agent can put his name before the contractors and builders

Fire Insurance

Rate on Household Furniture or dwellings in residential section

\$500 \$2.50 for 3 years
 \$3.75 for 5 years

\$1000 \$5.00 for 3 years
 \$7.50 for 5 years

"Better be insured than sorry"

215 Moody Street

Phone 609-1

Powers & Powers

Brokers in Real Estate

Waltham, Mass.

Quoting specific prices for fire insurance on dwellings and household property. This card was circulated as a blotter, printed in red ink

by advertising in the local trade papers, if there are any; otherwise, he will use the local newspapers.

Every loan of money on buildings necessitates a fire insurance policy for security. Hence, in the more depressed seasons of the year when manufacturing and retail concerns are borrowing money, the agent can aim his advertisements toward the borrowers.

The quotation of easily obtainable statistics a week preceding the fourth of July and the twenty-fifth of December usually impresses the uninsured with the sense of his danger at holiday time and puts him in a receptive mood for insurance. This is also true during dry spells when a boy, a match and a pile of leaves may start a conflagration which can only be checked by calling out the fire department.

During such a dry spell a Chicago suburbanite came into town to insure his barn. He had caught his sons with a bon-fire near it in the morning, and that afternoon determined to be protected. When he arrived home with his policy, he found a pile of charred timber and ashes—all that was left of the barn. The bon-fire of the morning had not been entirely put out. Thus the Chicago agent had actually insured a barn while it was burning—and the loss was paid.

The Value of Reading Notices in the Local Column of Small Daily Papers

Probably the most effective season for advertising is that period immediately following some local fire, or such a conflagration as the San Francisco and Baltimore catastrophes. At such times the fear of fire is uppermost in everyone's mind. Everyone is reading of it. For the time being it is on the tip of every tongue. That is the psychological moment for the agent to make a

strike for new business—to profit by the circumstances which have won men to his way of thinking.

In a small town a fire is a big event. And the first question asked is about insurance. Every paper in the smaller towns has a column or so devoted to the local events which have occurred during the day. These items—the crystallized gossip of the street—are read by everyone taking the paper. The smaller papers will not object to alternating advertisements with these items. Advertisements of this character create receptive interest among the readers and pave the way for solicitation.

Prompt settlements are one of the best advertisements an insurance agent can have, and he can be assured that the fact is well known if he inserts a few lines in the reading notices, as suggested above. He says something like this: “Through Brown & Brown, the fire insurance agents, Mr. Todd, whose home burned Wednesday night, received this morning a check from the Pacific Fire Insurance Company for \$3,496. This indemnifies Mr. Todd in full for the loss of his home and furniture. He will rebuild at once on the old site. Brown & Brown, by placing the insurance money in Mr. Todd’s hands this morning, have established a local record for prompt settlement. Forty-eight hours after the report of the fire, Mr. Todd had the check in payment for his loss.”

Such insertions as these in the local papers in medium sized towns have a tremendous effect toward influencing patronage. Frequently the insured is so pleased with the promptness that he will gladly sign his name to a statement. If they are worth it, these statements can be set forth in a large display advertisement, but usually they are just as effective in the reading notices. Some agents make a practice of getting a statement from every man to whom they have paid a loss claim. When they

**Any Kind of
Insurance
Anywhere**

**SEDGWICK S. VASTINE
INSURANCE**

NO 159 LA SALLE STREET TELEPHONE CENTRAL 311



CHICAGO

A pleasing variation from the old style of insurance advertising blotter—a medium which sacrifices companies and firm name for the individuality of the solicitor

secure enough of these they have business-pulling copy that will catch trade whenever it is used.

Such material, however, is best used in circulars and form letters. An agent who has not had many fires can easily secure statements from his more prosperous clients whom he has served satisfactorily.

*Making Capital Out of Local Fires—Adopting a Slogan
and Pushing Your Claims*

Should a fire occur in uninsured property, there is an opportunity for an educational talk on insurance. Almost everyone in town will know that the property was uninsured, and that the owner may have lost everything he had. It is not necessary to hurt the owner's feelings, but a reading notice to the effect that it costs only \$5.00 for \$1,000 worth of insurance for three years at "this agency," will point a moral to the readers. Many uninsured persons do not realize how little it costs to be insured.

Of course any price of fire insurance which the agent may offer is the same as that of his competitors, and for this reason he is precluded from extensively exploiting

that feature. He must offer service, strong companies and advice. Here his form letters and circulars, incorporating the signed statements of his more prominent clients, play an important part. In mailing these to a carefully selected list, the agent has an inoffensive way of proving to others that he is a real servant. If he has been in business for a number of years, he may be able to adopt for a slogan, "Sixteen years without a contest," "Fifty fires and fifty pleased clients" or any statement which his business warrants.

The one aim of the fire insurance agent is to individualize himself, and he can do this only by systematic, personal solicitation, and by unique advertising campaigns. So great is the desire to individualize the solicitor, that the large agencies of Chicago allow their solicitors to leave the firm name off their cards entirely. These solicitors get out their own calendars, blotters and stickers.

In advertising service, the agent should emphasize the advice which is freely and frequently given to customers. This advice naturally consists mostly of means whereby the insured can lower his rate, counsel as to the kind of insurance he should place on his new building and explanations of the co-insurance clause, blanket policy and the distribution average clause. A rate lowered through the advice of the agency is as much a cause for discreet advertising as is the settlement of a loss.

At the end of the year some agencies print a frank history of their local career. They list losses paid, policies written, services rendered, statements of their companies and a request to show what they can do for the prospect.

The other argument set forth in all advertisements is strength of companies. Those that advertise themselves

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in the magazines do not need as much exploitation as other companies, although capital can be made of the fact that an agency has a widely advertised company. A company may be neither old nor exceptionally rich, but there are favorable features in every company.

Some of the Chicago agencies print a list of their companies, adding the assets and capital of all their companies into grand totals. This is an effective way of showing strength and ability to write large risks.

In all publicity, some effort is made to provide a check on the advertising so that the bad may be eliminated from the good. This check is provided by either aiming the advertisements at a particular class, or by using a particular medium of advertising. Thus, in fire insurance, an agency might advertise vacation insurance, seeking to pull business from persons leaving town with household goods uninsured. Obviously, the results would be easily traceable. Again, the agency might have advertisements running in the renting lists of the real estate firms and here, also, the results could easily be ascertained.

Putting Distinctiveness into the Publicity—Watching the Mechanical Details

Distinctiveness in fire insurance advertising is, finally, to be sought in every possible way. Not only must emphasis be laid upon the one or two points of extraordinary quality or service belonging to the company in question; not only must the personal history, fitness and service of the agent be emphasized, but every form of advertising which the solicitor resorts to must bear as prominently as possible this same stamp of distinctiveness.

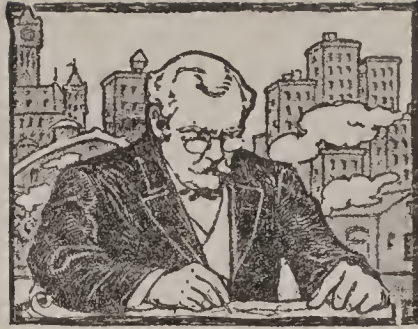
To the client, fire insurance is simply fire insurance,

and companies, as a rule, are all upon the same plane. A man notices and remembers only those things which are different from the general run, and it follows that the successful fire insurance solicitor must be "different". As in the case of a retail store, he should seek to develop personality. And in this development, advertisements which in mechanical make-up follow a distinct style different from that used by other agents, will be found extremely helpful.

Banks have long since learned this truth. The insurance solicitor may well follow their example by getting upon a confidential footing with the printer, taking up the technical details of that trade, studying the general typographical effects desired, and insisting that they be secured. Accumulated power will be gained by making each advertisement mark a distinct step in the discussion and building up of the business; by treating in each only one phase of what the agency has to offer, and by making that one appeal a knock-down argument.

Individuality

INDIVIDUALITY is the prime requisite of an agency seeking a place in the insurance market. As a man without originality is nobody, so a commodity, a business proposition without distinctiveness is forgotten—has no standing in the eyes of the prospect.



CHAPTER V

Building up a Business by Advertising

BY W. W. POWERS

Of Powers & Powers

When we launched our fire insurance business, we found that this profession was based primarily upon friendship. Now we had plenty of friends, but so had our competitors—and, in most instances, they had possession—nine points of prosperity. If we were to make good, then, it was up to us to devise some new method, some other claim than friendship, heavy enough to tip the balance in our favor. How could we do this?

Our first determination was to take advantage of the very condition which gave the other agents their hold on the business. We determined to show our prospects that fire insurance protection is not a matter of friendship, but a hard business proposition. With this idea in view we concluded that there were three arguments upon which we could base our claims for recognition: (1) price, (2) companies and (3) service.

Putting the Fire Insurance Agency on the Basis of a Retail Store

How to push these claims and get them before the public became a problem. While we realized that fire insur-



Who Carries Your Insurance ?

Fire Insurance ?

The Northern Assurance Company of London, England,—so far as mere size goes,—is the fourth largest company doing business in the United States.

This company has been doing a healthy business since 1836, during which time it has paid Seventy Millions of Dollars in fire losses,—paid them promptly and without demur.

The Northern does business on broad lines,—its settlements are fair,—it makes returns quickly.

The Northern Fire Assurance Company of London, England, is represented in Waltham by

Powers & Powers

Brokers in Real Estate

215 Moody Street

Phone 609-1

Fire Insurance

One of a series of newspaper advertisements which had for its slogan, "Who Carries Your Insurance?" Each day an advertisement was devoted to exploiting the good points of some one company which the agent represented

ance depends greatly upon personal solicitation, we knew that it would be impossible by this means to extend our bid for business into as large a field as ambition dictated.

Therefore, we determined to introduce an innovation in our vicinity—newspaper advertising. In outlining this policy, however, we were aware that it would probably be impossible actually to make this advertising a salesman, such as is done in other businesses. But it was the best means of introducing ourselves to the public, and has since served as one of our best methods of approach.

After we had decided to use the newspapers as a means of exploiting our claims, it became necessary to determine to whom and how we would advertise. The answer to this problem soon became apparent. We must make each advertisement a unit, aimed at a particular class. We must not allow our advertisements to scatter. They must hit the mark; what was lost in range must be made up in effectiveness.

In preparing our advertisements we felt that they should really be well edited selling talks and, therefore, should contain the three arguments upon which we were basing our solicitation: (1) price, (2) companies and (3) service.

In the first we were handicapped by the universal rates, fixed by the underwriting boards. We could not cut under this price, but we did show the prospect how he could lower the cost of his protection by improving his risk and installing inexpensive fire extinguishers. We advertised this persistently and took every opportunity to prove it with a personal call.

Our second argument—strong companies—was equally pulling. “Who carries your insurance?” became a slogan with us, and by asking the readers of our advertisements, “What do you know about the company carrying your fire insurance?” we created a healthy interest that resulted in investigations on the part of the insured.

Most men feel that the efficacy of the insurance laws is sufficient protection, but since the Baltimore and San Francisco fires, the business man has learned that the records of some companies in the insurance field will bear investigation.

Through advertisements reminding readers of this fact, we so aroused the interest of the insured that he blew the dust from his policy and learned the name of his company. Then he would drop into our office and seek our advice as to the strength of the company insuring him. When we could conscientiously tell him that the company was weak, we did so. When we could not, we got the number and date of expiration of his policy, and in the end got his business.

In advertising companies, we did not harp on size alone, but tried to show our prospects the individual strength of each company. We showed them its standing and how it was equipped to safeguard them against loss.

We pointed to the age of this company and its unimpeachable record. We pointed out how another company had paid out seventy million dollars since 1836 and how each loss had been paid promptly.

Offering Service as a Third Factor in the Advertising Talk

Our third bid for business lay in the service which we offered. We invited the people of our city to use us as counselors in their insurance matters. We would gladly show them how they might lower their rate, inform them as to the best kind of insurance to carry; in short, we offered to the general public the most extensive service we were capable of performing.

That the city saw fit to place a part of its insurance

Vacation Insurance



Don't forget to insure your household furniture before you go on your vacation.

We can give you prompt service in the safest Companies at the lowest rates. A fire might wipe out the savings of years and leave you where you started. It costs only \$2.50 to insure for \$500 for three years or \$3.75 for five years.

"Better Be Insured Than Sorry"

Powers & Powers

211 Moody Street

Brokers in
Real Estate

Fire Insurance

Phone 609-1

Reproduced newspaper advertisement which pulled business by taking advantage of a general summer exodus—an example of advertising to a distinct class

on public buildings with our companies—after an insurance mayor had investigated the whole subject thoroughly—was also given publicity through the papers.

All of this advertising, however, was more or less general. We had made no specific appeal to a class of prospects. Household insurance seemed to be a line not hard to get and one which offered plenty of room for educational work. Almost every man who owns a building carries insurance on it. But there are scores of persons in every town owning valuable furniture who would lose every dollar of it if their houses burned. In opening a campaign for this class of business we took advantage of a peculiar local situation.

A large local manufacturing concern gives its employees a two-weeks' vacation each year, and nearly all of them go away during this time. Obviously the fire risk is greater than it would be if the employees went at different periods during the summer—a few at a time, with the majority at home. Our argument was, "Is it

worth the worry to go away and leave your worldly possessions unprotected, when for \$2.50 you can insure \$500 worth of them against fire for three years?" Many of these employees did not realize how little household insurance costs, and we found many of these who considered it worth \$2.50 to cut out the worry.

We called this "vacation insurance," and sought to show our prospects how a fire might wipe out the savings of years and leave them where they started. By insuring their property we assured the peace of mind of the vacation seeker.

*Dressing the Advertisement to Fit Local Conditions—
Making the Appeal Personal*

Fires, fire alarms and fire losses, were all given publicity when the danger of being burned out was uppermost in every man's mind—immediately after a local fire or a conflagration of national importance.

The booming of a fire bell on a still night stirs the pulses of everyone, and the day after a fire we aim to have our advertisements contain paragraphs like the following:

"No alarm of fire can disturb your peace of mind if the property you own is fully covered by insurance written by us. It takes so little money to keep a policy in a good reliable fire insurance company that one cannot afford to run the risk of remaining unprotected."

When a fire occurred, and the owners were burned out of home or business, as they so often are, our advertisements read something like this:

"BURNED OUT! There is a world of pathos in these words—they may mean loss of house and home, or perhaps a place of business from which many families obtain a livelihood. But, there comes a second thought—perhaps the burned home or business place was insured in one of our companies—in that case, the loss is promptly paid."

“FIRE LOSSES? They are always heavy, and heaviest usually on those who can least afford the loss. Does the lesson of yesterday’s conflagration appeal to you?—another fire today or tomorrow may wipe out your resources—it cannot wipe them all out if you are insured in any one of our reliable companies.”

The other advertisements, the copy of which exerted strong pulling power, read:

“After the fire, what then? Will a complete loss by fire prevent you from taking up your life as it was before? Will you be embarrassed because of the expense of rebuilding? One of our reliable policies is the answer. They prevent worry day by day and permit prompt rebuilding when the fire comes.”

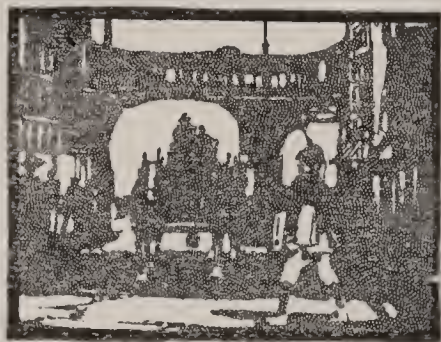
“Fire insurance is one of the main considerations in your business. The firm with whom you should insure is the firm giving the best service. Our service is of this class. In addition we represent only standard companies—celebrated for fairness, and with unimpeachable records for prompt payment of claims.”

These are only examples of how we took advantage of every local situation for advertising our business. Prompt settlements, testimonials from clients, the Fourth of July, Christmas trees, dry spells and moving seasons, were all used as subjects for advertisements.

These advertisements were all made distinctive with the mechanical assistance of the printer, and were of various sizes as the occasion seemed to demand. With every advertisement we made an effort to arrive at certain definite results. We analyzed our field carefully, noting its peculiar features, and took advantage of local conditions. Although an innovation in this locality, we have found fire insurance advertising practicable.

Be Opportune

ADVERTISING must fit times and places—seize upon live interests.



CHAPTER VI

Advertising Schemes That Win Clients

BY A. E. OLSON

Manager Insurance Department, Woodlawn Trust & Savings Bank

To pave the way for securing new business and to retain the old are the two objects of the advertising schemes of the fire insurance agency. Schemes are of two general classes: (1) those prepared by the companies and sent to their agents for distribution, and (2) those prepared by the agent himself. As a rule, the latter are the better, for in them the agent exhibits his own personality.

To retain old business and secure whatever additional patronage the client may have to offer, the agent depends largely on the satisfaction derived from his service. He supplements service, however, with cards, statements of the companies in which the client has policies, and other advertising material which keep the name of his agency before his client and provide a lead for renewals and additional business by focusing the client's interest on the agency.

The schemes which show the most originality are those used in making an effort to secure new business. It is with these that the agent tries to reach the uninsured, the elsewhere insured, and the under insured—friends,

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Parlor B.

No.	Article	Date of Purchase	Cost	Description
	Carpet,			
	Chairs,			
	Clock,			
	Couch,			
	Curtains,			
	Hessocks,			
	Jardiniere,			
	Lamps,			
	Mirrors,			
	Piano,			
	Stool and Cover,			
	Tea set,			

Library

No.	Article	Date of Purchase	Cost	Description
	Books,*			
	Bookcase,			
	Book-holders,			
	Bric-a-brac,*			
	Carpets,			
	Chairs,			
	Clock,			
	Curtains,			
	Picture,			
	Grate or Stove			

Dear Sir:-

After a destructive fire or a burglary, you will get "brain rag" trying to remember what you had, unless you have an inventory made before the loss.

Fill out the enclosed book, and save yourself a lot of trouble and worry later.

When you need some "Insurance That Protects", I will be glad to hear from you.

Yours very truly,

John Moray

JM:MD

Two pages from the residence inventory, and a facsimile of the letter which one agent mails with each booklet. On these pages the policy-holder preserves a complete list of his property

acquaintances and strangers. He attempts with one scheme to secure more names and expiration dates than he could gather in a month of canvassing, and, if the scheme is well conceived and handled, he succeeds.

An advertising scheme which has been most successful among fire insurance agents is the issuing of a blank

book for use as a residence inventory. This is usually a neatly prepared booklet of a dozen pages.

The Residence Inventory—A Scheme That Wins the Interest of Prospects

On the inside of the front cover is a notice of what to do in case of fire, instructions for making an inventory and appraisal, and on the opposite page are lines for the dates of the original inventory and three revisions. On the inside of the back cover are printed general instructions for placing insurance, how to give a notice for additional insurance, and what to do in case of removal of property. The twelve pages of the book are each devoted to a room and are ruled to show the number of articles inventoried, and a memorandum of each article itself, date of purchase, cost and description.

These inventories cost from six to seven cents apiece if they are gotten up in attractive style and, therefore, they should not be carelessly mailed. With each inventory it is wise to enclose a personal letter, short and briefly describing the use and purpose of the booklet. Most men have little idea of the value of their house furnishings. But with an inventory such as this, they are enabled to list their property in convenient form.

A Key Ring Scheme That Brought Prospects to a Bank

The check on the value of this advertising is readily afforded the agent by the personal follow-up, which is necessary in all advertising of this kind. Agents who have used these inventories year after year find them one of the most effective means for reaching, interesting and keeping in touch with new prospects.

Another clever advertising scheme is being success-

fully used by the insurance department of a Chicago bank. The aim of this scheme is to enlarge the bank's list of prospects, and to provide a means of getting in contact with them. The bank has a carefully selected list of property owners, to some of whom it is constantly mailing a folded post card, informing the prospect that a handsome German silver key ring will be given him if he will return the other part of the post card in person. When the prospect comes to the office with his card, the agent not only makes a new acquaintance, but usually secures a list of expirations as well.

The manager of this insurance department had previously attempted to meet prospects and secure expiration dates by a house-to-house canvass in the day time. This had proved unprofitable, however, for the man of the house was usually absent, and his wife knew nothing of the insurance. With his "key ring" scheme he has greatly enlarged his list of prospects.

*How Conventional Mediums Can Best Be Used by
the Agent*

By a proper use of desk pads, company statements and cards, the agent may often secure a large response from prospects; and, as usual, with the exception of statements of companies, it is best for the agent to use his individual advertising ideas rather than trust to the material sent him by the companies, on which his name appears in small type at the bottom.

A very serviceable scratch pad sent out by a large Western agency is 7x4 inches in size, and printed on a fair quality of yellow paper. At the top of each sheet is the agency's telephone number and the slogan "The best is the cheapest." Between these, and staring the prospect in the face from day to day, is the question,

“Is your insurance in the best companies you can get? If not, call on us.” This is not a remarkably clever scheme, but is an example of what the agency must advertise, and how it may make its appeal.

Cards sent out by advertising agencies are of two kinds: one renders a service of some kind; the other states specifically what the agency has to offer. For instance, some agencies send out an artistically printed card, stating what to do in case of fire, and the next card may give specific rates on household goods for the terms of three and five years. When you send the uninsured prospect a card reading, “Do you realize that your household furniture or dwelling can be insured for \$500 for three years for \$2.50?” you have reached his point of contact—his pocket book. By asking him if it is worth \$2.50 to cut out the worry of three years, you have put up to him your best selling argument.

Some agencies send out cards upon which are printed short testimonial letters. Others have pictures of recent fires in the neighborhood; and one agency, which desires to show the strength of its sixteen companies, has printed on the reverse side of its business card in black and red ink, the individual names of the various companies, and the cash capital, assets, liabilities, and policyholders’ surplus of each, in the order of their magnitude. Many companies furnish their agents with statements showing the assets and liabilities for certain periods of the fiscal year. These are valuable to send to clients who are insured in these particular companies.

Using Company Statements to Back Up Personal Claims

It is often a good scheme to enclose statements with personal letters to prospects whom you have been solicit-

ing. They back up the statements you yourself have made about your company and serve as a valuable follow-up. The most valuable material, however, is always that which bears the agent's name, emphasizing the service and companies which he has to offer.

The renting journals which are published from time to time by real estate agencies, offer a practicable medium for the fire insurance advertiser. These booklets are read extensively by the movers in the spring and fall. And at these seasons they are probably in a better mood to talk insurance than at any other time of the year.

*After a Fire—The Logical Time to Talk Protection
to Prospects*

Immediately after a fire, when the fear of a similar fate is uppermost in every man's mind, is the moment when an eastern solicitor feels that he has the best chance of securing new business. It is impossible, personally, to approach many prospects in the neighborhood of the fire at that psychological moment, and therefore he has enlisted an assistant in the shape of a form letter. The form letter is printed on his stationery, and enclosed in a flaming red envelope with the word "FIRE" on the outside. The letter reads something like this:

"Dear Sir: Would you like to lose the home or business which you have labored for all your life? This will be the plight of the man who had the fire in your neighborhood last night, if he was uninsured, or if he was insured in a company which will higggle over technicalities and go to the court to cut down the obligation which they justly owe. If you are uninsured, you had better see me when you come down town this morning. If you are insured, I advise you to look up the standing of your companies. Men protect themselves before a fire, not after. Do you know that I have not had a disputed settlement in 25 years?"

If a fire occurs in a certain section of the town in the afternoon or evening, the agent sees that several hundred of these letters are put in the mail boxes of near-by residents that night; the next morning the prospect gets this letter before he goes down town. This is one of the best advertising schemes that the fire insurance agent can use and has greatly increased the patronage and reputation of the agent who originated it.

How One Agency Won Interest Through Window Displays

Possibly you have never heard of a "Fire Insurance Window," but another eastern agency with an office on the ground floor, has found window displays as effective as a milliner's array of "Paris Creations." The proprietors of this agency print their own cards and keep the window fresh with them. From time to time miniature houses are built of these cards. By cutting the letters out, pasting red paper behind them, and placing a light on the inside, they produce a graphic feature of their business. These houses are set upon a revolving stand and kept moving. The window is backed up on the floor and sides with other cards of like character, and altogether attracts much favorable comment. These agents testify that they have actually secured much new business by the power this window has of drawing prospects into the office, where risks are written over the counter.

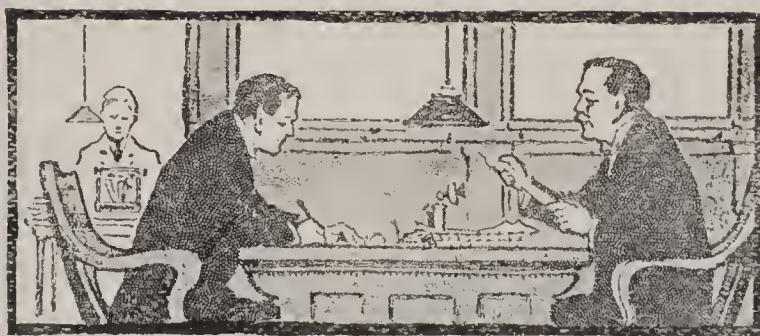
In whatever advertising the fire insurance agent may do, it is well again to emphasize the fact that he should seek to individualize his agency. While he gives publicity to the companies he represents, he finds that much of the literature given him by the companies fails to reach the prospect as well as does the individual matter which he prepares himself. All of this advertising

should have his name conspicuously displayed in some manner. Frequently it is well to adopt a certain slogan and conventional trade mark which will always identify the agency. And finally, all the "copy" which appears in his advertising should be unique in conception and artistic in design, for these are the elements which raise him from the commonplace upon a plane of his own making.

Advertising

ADVERTISING does not necessarily mean the magazine page or the daily newspaper—the billboard or the desk blotter. It does not always mean selling talk or insurance company statistics. It has a meaning as wide as man's ingenuity.

Indirect advertising—gripping opportunities, reading human character, stamping individuality upon men's minds at the right moment in any one of a thousand ways that cleverness has suggested or will suggest; this is the fire agent's best advertising—this pays the dividends.



CHAPTER VII

Calendar Scheme That Brought Results

For years business men have passively received the calendars and blotters of the insurance companies. They have considered them as a cog in their office machinery and have seldom given them a second thought. The red and blue picture of Washington crossing the Delaware has excited a patriotic interest, but the agent who sent the calendar is forgotten. Similarly, the blotter with its maze of statistics is overlooked. If the agent expects to use these mediums for advertising, he must be unique and artistic in his conceptions. Thus reasoned a discerning Chicago agent.

Seeing Faults in Insurance Advertising and Finding Remedies

Realizing the futility of the kind of insurance advertising which he saw going on about him, he sought some medium which would really arouse the prospect. And to do this, he knew that such a medium must have three features: (1) it must individualize the agent; (2) it must be so useful or artistic that it is sure to reach the prospect; (3) it must continually hold the prospect's attention. After some analysis, he concluded that a calendar was, at least, one medium that would continually

hold the attention of the prospect. With this settled, he prepared to put in the individuality and utility elements. Four years in succession he produced such a calendar. Today his name is a synonym for fire insurance in the thirty-six wards of Chicago.

The calendar was of large wall size, 21x23 inches, making it a useful adjunct to the office. He individualized it by allowing only his name to appear at the top; no mention of specific companies was made. But the striking feature of the calendar was supplied by the snappy insurance information which appeared on the blank spaces of the overlapping monthly sheets. It was fire insurance information of vital interest to the insured. His statements crystallized such problems as the blanket and co-insurance clauses. They compelled attention. Each month, as the pages were torn off, a new fire insurance thought was exposed, to stare at the prospect for another thirty days.

This agent has been using such a calendar with some alterations for years. Last season, however, he tested his scheme by failing to issue it, and by February he was literally besieged with telephone calls and letters inquiring for the calendar. He says he cannot afford to miss issuing it again.

*Pulling Individuality out of the Mire of the
Commonplace*

You may say that this calendar, so far, is no different from hundreds of others which you have seen. In respect to size and general appearance that is true. What make it distinctive and hard to forget are the little paragraphic sayings which appear on every sheet. These are the kernel of the idea. They set this agent and his calendar in a class by themselves, while com-

petitors were all grouped together. For this reason, the calendar can best be described by quoting typical sentences. Here are a few of the sayings as the prospect read them on the calendar from month to month:—

“If we could foresee coming events, we might avert financial loss and contingent evils in prospect. Therefore, by proper insurance we place this beyond jeopardy.”

“We exercise the utmost care to construct a perfect insurance contract. The best company in the world can make no satisfactory settlement on an imperfect agreement. If the conditions and facts are properly expressed in the policy, that constitutes perfect indemnity and will bring prompt and equitable adjustment.

*Solving the Big Problems of Insurance in a
Few Sentences*

References to the agent himself are well made and are sandwiched with specific information which does not refer to the agent whose name appears at the head of every calendar sheet. His statements are concise and treat features of insurance which always annoy the insured:

“A blanket policy on property in two or more locations is generally more satisfactory than specific writing; inasmuch as the shifting of property from one to another location will not over or under insure you in any location.”

“Loss from sprinkler leakage, crippling of refrigerating plants by contiguous fire, the loss of rents or unexpired term of licenses are consequential damages and must be separately insured.”

“If a building is mortgaged or on leased ground; occupied for more hazardous purposes than stated in the policy; if there be other insurance; if there are proceedings to foreclose pending; or if it contains any of the lighting products of petroleum and other explosives, the policy is void, unless permission is expressed therein.”

When the agent said on his calendar, “We will make you a concession of ten per cent,” his competitors were up in arms. They thought he was breaking the rules of the Underwriters’ Association. But he told the

merchants who inquired, that the discount took effect "if you insure a manufacturing or ordinary building to its full value."

A purely mathematical conclusion which appeared on the calendar, and which aroused enough interest to pull prospects into the office, was:

"A brick dwelling can be insured five hundred and thirty-two years for a sum equal to the sum insured."

*Pulling Prospects into the Office by Arousing
Their Curiosity*

The calendar sheet which aroused the most curious interest and which caused widespread speculation was the recital of nine strange experiences which he had had during his career. Some of the quoted experiences were so weird that many prospects could not rest until they had telephoned the agent, asking him for explanations. One man said he had tried to put the strange statements out of his head for a month; but he finally yielded to his curiosity by going to the agent's office for information. From this source alone, the agent became acquainted with nearly a hundred new prospects and is now writing insurance for many of them. Here is the recital which caused so much discussion, just as it appeared on the August sheet of the calendar:

"We insured a barn for three years which was never constructed; another while it was afire (and the loss was paid); a house not owned by the insured, and the loss paid to the rightful owner; a house which burned and the loss was paid promptly, but we had to sue the insured for the premium subsequently. We settled a loss which proved later to be the loss of another company. We insured an \$800 Steinway piano in a \$300 house; three horses in a barn containing many others and the insured ones were the only ones saved from the fire; a consignment of whiskey in bond in Louisville for several years which burned three days after removal, uninsured. We paid for a house on Lexington

Avenue which was set afire by the owner to burn his neighbor out of a home."

Some of his advisory statements took this form:—

"After a fire you should proceed precisely as if you had no insurance. Clean up the premises and property to prevent further loss by theft or otherwise, retain damaged goods for evidence and report the loss to your agent or company forthwith."

"To insure in excess of the value of property is a waste of money, as deception and sentiment make no inroad upon an expert insurance adjuster."

"The possession of a policy is prima-facie evidence of insurance, but to be fair with the recording agent the insured should pay the premium as promptly as he invites the company to settle a loss."

"The property of others in your possession is not insurable by you unless you are liable by contract for such other property."

"A party furnishing you a policy signed by another is treated in law as your agent and not that of the company."

"In household furniture insurance, an invoice or list of the goods shall be made and kept. This will enable the insured to prove fully and expeditiously what is lost or damaged."

Enlivening the Calendar with Humorous Information— Defining Kinds of Insurance

The calendar information, while at all times appropriate, was often more or less humorous:

"Juno, who is the godmother of this month, was one of the mythological humbugs who protected married women of antiquity; in modern times the property owner looks for protection to a policy from Math."

"Nero, to illuminate the arena, set fire to his slaves, after saturating them well with grease. We celebrate the 4th by fireworks and the Math policies stand the loss for the damage."

Blanket and co-insurance, the most subtle phases of fire insurance, are spoken of every few months on the calendar:

"Insurance on buildings, furniture, fixtures, tools, vehicles, merchandise, machinery, grain, consequential damage, leaseholds, rents, licenses, live stock and mortgaged interests can be effected

by specific, blanket or (except as to buildings) by floating contracts.”

“Insurance which under one sum, covers separate or distinct buildings or their contents, is blanket insurance. Insurance covering, on or in each building, a separate and distinct sum, is specific insurance.”

“When a rate is promulgated upon the basis of carrying a certain amount of insurance, and the policy so expresses the percentage, the insured becomes a co-contributor to the extent of the deficit of the sum required to be insured.”

This calendar scheme is an example of the kind of advertising which the fire insurance agents find effective. It eliminates the objections of the old style of publicity and by its uniqueness of conception individualizes the so-called calendar advertising. Its greatest advantage lies in the fact that the insurance agent's name and service is kept constantly before the prospect.

A Gentle Reminder

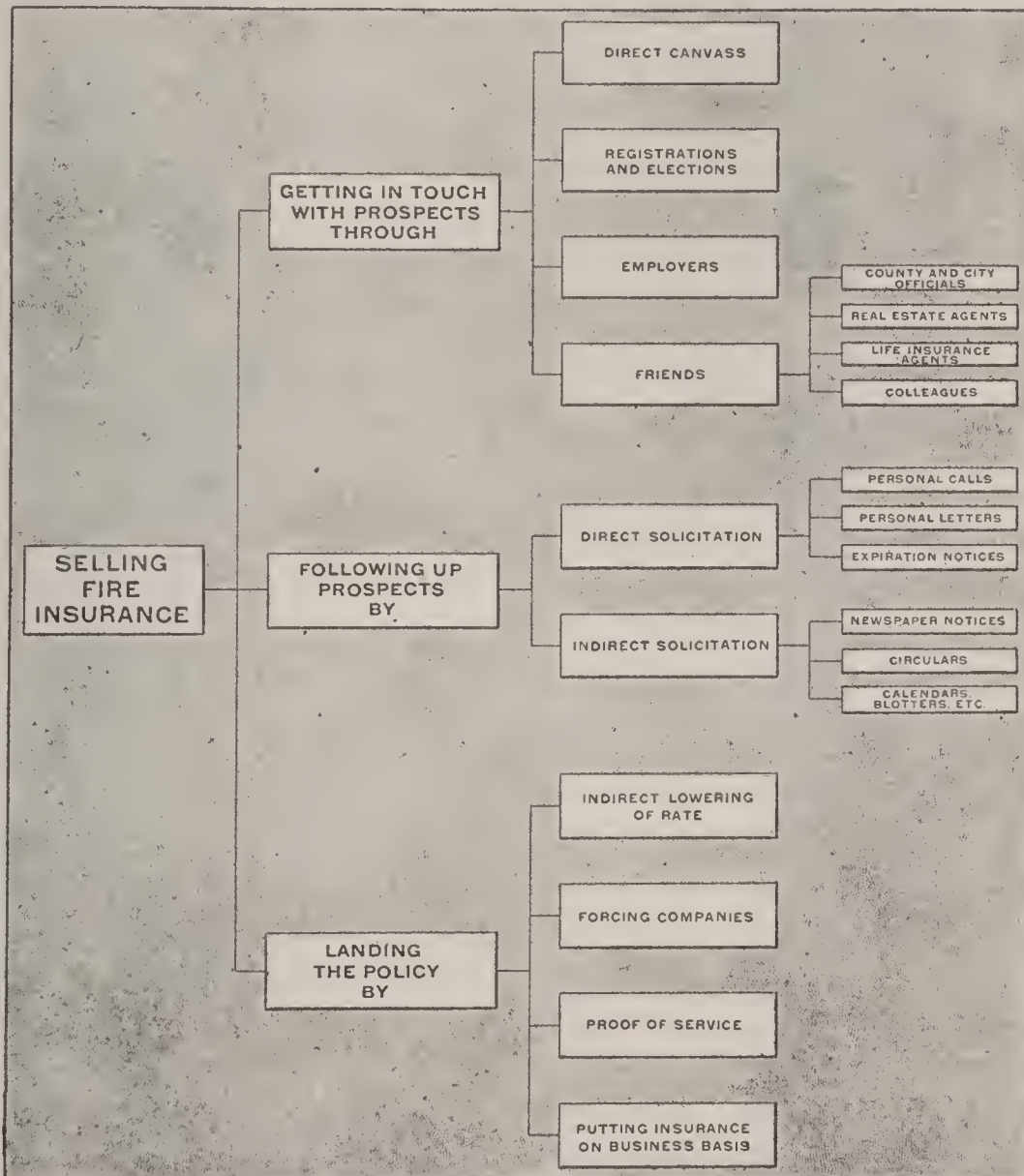
WHEN you want a prospect, keep on his trail; when you get one, don't let him forget where he belongs; when you lose one, go after him—and his neighbor.

Keep after them! Nudge them! Remind them! Gently—cleverly—with a token that shows you are above ground, writing insurance, remembering them kindly. In the ways that excite appreciation, not offense.

But above all, don't lose sight of your client! Don't let him forget.

Part III

HOW TO SELL FIRE INSURANCE



An outline of insurance salesmanship, showing the steps of a sale, from getting in touch with the prospect to securing the policy

Be on the Ground

AGGRESSIVENESS is what sells fire insurance. The agent with the full policy register is not always the man with the best companies, the most friends, the greatest property interests. But he is the man that goes after the business.

Others may have rates as good, protection as secure, but the man on the ground gets the clients.

Search out new prospect possibilities, follow them up, put your proposition. The fact that you are there with the application is your best argument.

The policies that hunt you up won't pay the rent. And the first agent on hand generally gets the others.

Every man knows the need of insurance. The agent who gets after it, writes it.



CHAPTER VIII

Getting in Touch with Prospects

BY BRUCE B. STITT

Insurance Manager, L. M. Smith & Brother

In soliciting fire insurance, whether with strangers or friends, it is the approach which paves the way for success or failure. The approach may be an introduction of some sort; it may be the concise statement of a stranger with a business proposition; or it may be a meeting resulting from an advertising campaign. In any case, to be effective, the approach must put the agent in close contact with the prospect where he will stick until all possibility of securing the risk is gone.

Whether this approach will be by an introduction, or without, the solicitor must decide for himself. The fact of the matter is, however, that it makes little difference whether the solicitor is introduced, or presents himself and his business at the same time. In fact, the agent who is pushing the business feature strictly, will often find that he can go ahead to better advantage without an introduction.

But before the solicitor begins an extensive campaign for new business, he should prepare two aids which are positive necessities for systematic and successful canvassing. The first is the card index of prospects as de-

scribed in the third chapter, and the second, a book of prominent persons whom you have insured.

This book, filled with the names of prominent men insured in your company, should be your constant pocket aid. The names are best arranged in the book alphabetically under subdivisions of factories, stores, professions and so on. Thus, when a prospect asks you whom you have insured in his place of work, you can instantly turn to the marked page, and give him in alphabetical sequence a list of all your clients by whom he is daily surrounded. This list should be supplemented with two or three letters of recommendation from prominent men in the community.

In most instances the approach should be prefaced with a thorough knowledge of the prospect and his risk, before his business is solicited. In some instances, however, where the agent desires to come in contact with a large number of persons, this preparation must be neglected.

*Making Election a Season for Getting in Contact
with Prospects*

An Illinois agent moving into a new community, wanted to put his name and personality before as many men as possible. Accordingly he had printed a dignified card, and with a bundle of them presented himself during the spring registration at the office of the largest voting precinct in the city. As the men drifted in to register he presented his card. He has an engaging personality, and it was easy for him to get acquainted. This precinct was composed largely of merchants, and they were impressed with the business-like solicitation of the new resident. Later, the agent copied the revised list of voters from the registration blanks, checking the names

of those men who had recently changed their residence, for he knew that they must be the ones he had met. These he called upon at their homes and offices; and as most of them immediately remembered him and his card, he was afforded an easy approach.

On election day the agent again took up his post at the polls, and this time he not only met all the voters, but again met those whom he had seen at the registration. Thus, with two days' work, he forced his personality on several hundred representative men, the most of whom were in business and owned property. Immediately after the election, the agent began to canvass the list of names which he had secured. So successful was he in his bid for business that he resolved to go into another precinct at the fall election.

This time he took a ward of the city where factory employees lived. His card was less dignified here, and in red letters he had printed, "Better be insured than sorry." Most of these factory workers owned homes or furniture, but the agent found many who were uninsured. Taking the names of these, he had printed and mailed, the next day, another series of cards. This time they read: "\$2.50 insures you for \$500 for 3 years." Other prices were quoted in this specific way. Immediately after this distribution, the agent began a canvass of the employees at their place of work and in their homes.

Calling upon Factory Workers—Enlisting the Assistance of the Wives

Show a factory superintendent a list of employees with uninsured property and you can usually secure admission to the plant for solicitation. Any manager appreciates the benefits to be derived from an enlightened

employee. Moreover, fully protected men do not have to seek charity when burned out of a home.

If access to the factory cannot be gained, the agent has an alternative that after all may be more effective. With his list of factory prospects he calls at their homes during the day, explaining the proposition to their wives and requesting the privilege of calling at night when the head of the house will be at home, surrounded by his family. Fear of fire—always present in the feminine mind—leads to permission at once. Almost without exception the agent can write the policy. The small cost and the sense of protection are arguments which the prospect cannot put aside. Within two weeks, the agent who originated this scheme had written one hundred new risks which are still on his books. He has followed this plan every spring and fall, and has found it a successful means of introducing himself to prospects.

Insuring Young Mechanics and Bachelors—Looking into the Future

In meeting factory workers, it will often be found that mechanics owning their own tools seldom have them insured. Usually they are expensive, and are left in a building, the owner of which has made no provision for protecting the tools of his workmen. While the premium on such risks is insignificant, the writing of it slips in a strong wedge for new business. If the mechanic is single, additional business is represented in his possible marriage, which necessitates furniture and an uninsured home.

Prosperous young bachelors living in private apartments are also a source of business. Usually the prospect will have \$500 or \$1,000 worth of personal effects, which is a good risk and one easily insured. And it also

serves as a lead for more business should the client marry.

A Chicago solicitor, through his clubs and friends, met six unmarried men each of whom had at least \$500 worth of uninsured property in his rooms. He insured their property, and at Christmas sent each one a paper cutter, with a personal letter stating that he appreciated their patronage and that he would be grateful for a kind word among their friends. A month later the insurance agent had thirty unmarried men on his books instead of six.

Since then some of these have married; others have gone into business for themselves. Naturally, they insured their homes and additional property with the man who had had the initiative to look them up while they were single. This canvass among young men has proved to be one of this agent's most successful selling efforts, and he is making plans to extend this field of prospects.

*Keeping an Ear to the Ground—Making Gossip
Pay Dividends*

It is not impossible to enlist the co-operation of the family in providing a means for meeting new prospects. A New York solicitor living in a suburb, had his wife looking up business while he was at work in the city. Arriving home at night she would tell him that she had seen men excavating for a cellar at this place and surveyors at work in another. Often she had the names of the owners, builders or contractors; and with or without these, the young solicitor would start out after supper on a quest for the new business.

When prospects are found by copying the marriage licenses and mortgage and loan notices, it is good form to write a short personal note to the prospect the day be-

fore calling. It gives dignity to the introduction and starts a trend of thought toward the writer. If the agent thinks some live competitor will beat him and his letter, then the best way is to make a personal call without delay.

This is also true of solicitation succeeding a fire. Some agents, it is true, solicit nearby residents the same day, but a dignified approach is more effective.

Of course, in many of these schemes, a large part of the first commission is absorbed, but the fire insurance agent could well afford to lose it all. It is the steady renewal of expiring policies which provides him with revenue. If this revenue is to grow in magnitude as the agent grows older in the profession, he must constantly be alert in meeting prospects. While the methods described are used most extensively by the young solicitor in building up his business, they are practicable for any agent and suggestive of the radical means necessary to pull an agent out of the commonplace field.

Strike Your Gait

A MAN may be quick—smart; may have good address; may know his line. But he never will sell insurance unless he gets out and digs.

The one absolute essential of insurance salesmanship is to hustle—and to do it every day.



CHAPTER IX

Following up Prospects

BY JOHN MOREY

General Insurance Agent

New business is seldom secured at the first call. Nor is it usually written at the second or third. Fire insurance agencies are built up by keeping everlastingly at it—by attacking each prospect from every angle and not giving up hope until every means has been used to catch the risk.

The solicitor's follow-up consists of direct and indirect solicitation. Direct solicitation implies personal calls, hearty hand shakes and stimulating arguments. Indirect solicitation, on the other hand, implies nothing more personal than letters, circulars, calendars, blotters and the miscellaneous forms of advertisements.

Making the Prospect and Expiration Files Do Your Detail Work

While these advertisements will suffice, to a certain extent, in attempting to secure additional business from the client, the prospect must actually be seen. He is the target for the agent's best selling talk, and it is only by this personal appeal that the solicitor may hope to swing new business. Moreover, the successful agent

realizes that he must mix the personal and indirect elements in following up his clients also, for they are sources of business as well as the men he has never insured.

To be assured that his personal calls and circularizing will be brought forward at times when they will be the most effective, the agent needs secondary aids which will not forget the details of his solicitation. These are best found in the prospect file (described in Chapter III) in which are found the names of all prospects, and in the expiration file (described in Chapter XI), in which are listed the names of all the agent's clients.

Now that the agent has his two files, notice how he conducts his direct solicitation, using the prospect file as a daily aid. Jotting down the names of the prospects whom his file tells him he should see today, or for the next two or three days, the agent starts out upon his canvass. On this canvass he will find, for instance, that Brown is in New York and will not return for a week. He notes this and when he returns to the office slips Brown's card behind a guide a week ahead in his prospect file. Or if Smith says he will talk insurance a month later when he receives the plans for his new warehouse, the agent merely makes note of the warehouse on Smith's card and slips it into the file one month ahead of the present date. Thus the agent makes the rounds. From day to day he shifts the cards to and fro in the file until prospects become clients or "dead" names.

The fire insurance agent realizes that it is this following up of every clue that lands new business. When he hears of possible risks he notes them, if vague, in his clipping file and, if specific, in his prospect file under the owner's name. In either case he does not rest until he has either secured the risk or proved to himself that

it is impossible to secure. Every man he meets—he cannot meet too many—represents potential business. The agent learns if his prospect is, or is about to be married, if he is in business or expects to be, if he owns property. In short, he learns everything possible about the prospect, and then goes after his business and sticks to it.

Soliciting a Prospect for Five Years—How Persistence Won a Target Risk

It is this persistence that wins. “I canvassed one prospect for five years,” said a big underwriter, “before I secured any of his risks. When I first met this man it seemed hopeless for me to expect any of his business. His brother-in-law was an insurance broker and had placed his insurance for years. I told the prospect, however, that while I didn’t wish to be rude, I intended calling on him every two months and that sometime he might be able to give me some of his risks. I did this for five years, and at the end of that time the prospects for doing business were still apparently hopeless. But I had put so much energy into this canvass that I could not afford to drop the prospect. A few months later he called me up and gave me two expired risks. His brother-in-law had gone out of the business and the other day when he transferred his last risk to me he said my gentlemanly persistence had won. The risk was a large one and well worth the effort.”

In following up new business, the solicitor will find that he must make one customer lead him on to another. For instance, a Chicago agent was making a specialty of the produce merchants and printing offices. By securing introductions and testimonials, this agent, with the expert knowledge gained of these two lines of activity, found in time that he was carrying more risks on pro-

duce and printing establishments than any other insurance man in Chicago. His customers in the produce and printing businesses were often receiving additions to their stock, and by being constantly on the job, he got the business.

Paper Salesman—The Vanguard of the Fire Insurance Solicitor

But it is apparent that an ordinary man cannot follow up all of his business himself. He must employ some help, and outside of personal assistance the mail bag is the best substitute. Into the bag are put all kinds of advertising messengers to be mailed to two classes of prospects. The mediums most used by agents to follow up business are notices of expiration, personal letters, circulars, blotters, calendars, and advertising novelties. These should be sent to those prospects whom the agent has not yet insured and to his clients from whom he is expecting additional business.

The time for sending out the mail is often more important than the matter itself. If sent just any time and from any list, the whole mass of expensive material might as well be thrown into the waste basket, for that is sure to be its final resting place. First, then, the mail should be sent out regularly and systematically. Personal letters and notices of expirations will have to be sent out as the contingencies of the business demand. But the other material demands systematic consideration.

One of the largest agents in the west built up and holds together an immense clientele through his systematic mailing lists. He has two of these: one for the smaller risks, such as the owners of dwelling and household furniture; the other for the owners of large busi-

nesses. Calendars are sent to the names on each list, not at the beginning of the year, but in February, when they are made up without the January sheet. This method insures the calendar a place at least on top of those that arrived in January or December. To the man who has not yet received one, it comes as a welcome guest. The blotters are sent out, three in an envelope, every month to the owners of big risks; once every three months to the smaller prospects. Experience has shown that three a month are used at the desk, but that three every quarter are sufficient for the man at home. The regular mailing of these blotters and calendars has built up business for many agents. Prospects grow accustomed to the regularity of the receipt of the blotters and from month to month count upon them as an element in their desk system.

How a Chicago Agent Uses Blotters to Convert Acquaintances Into Friends

A Chicago man who has been successful with his artistic and individual blotters traces much business directly through this means of following up prospects. He lives in a suburb and is interested there in church work. In this way he meets many men in social gatherings. It would be crude for him to mention insurance at these times, but he puts these men on his mailing list immediately. In time the regular receipt of the blotters impresses the prospect and the next time he sees the agent he remarks about it. Then the agent tells him he would be glad to write his business. This leads to securing the expiration dates and in time he has secured business from men he would find it difficult to approach otherwise.

It is almost impossible to secure the exact dates of

expirations at the first call upon the prospect. He does not remember them, of course, and the policies may be locked up in a safe down town. The agent can only ask for approximate dates and until he becomes well enough acquainted with the prospect to ask for exact dates, these approximate dates will have to suffice. The prospect will probably base his dates of expiration upon the time he paid for the policies—sixty days after they were written. The agent must base his approximations upon this fact.

Whether the agent is making personal calls on his prospects or circularizing his clients, the prospect and expiration files are the starting points for all his solicitation. Each constitutes a separate calling and mailing list which must be treated with distinct attention. If they are properly used, much of the drudgery and ineffectiveness of a haphazard follow-up is avoided. Every call marks a forward step in securing a risk, and not a stamp is wasted.

Stick to It

MEN succeed because they finish the task. The initial letter of Insurance Success is Persistency.

Mistakes may mark you back. Men may misjudge you.

Win in spite of all! Finish the task!
Persist! Stick!



CHAPTER X

Landing the Policy

Every man who sells fire insurance labors under one burdensome handicap—a liberal percentage of his prospects persist in looking upon his commodity as something to be bought on a friendly rather than on a business basis. Nine men out of ten place the responsibility of their protection with the first friend who solicits their application.

Yet the simple fact that this condition obtains is no reason why the insurance agent must accept it. He can, if he handles his prospect right, demonstrate the folly of blindly placing so important a thing as insurance on a purely personal basis, when every other business enterprise which costs him money must furnish sound business reasons.

Restrictions of the Business Can be Turned to Advantage —Cutting the Gordian Knot

Fire insurance, as well as any commercial product, can be sold strictly on a business basis. The fact that the friendship plea has entered so largely into the buying of protection in the past does not obscure the more important fact that all the elements of salesmanship enter into the landing of a policy just as much as they

do into the selling of a case of shoes or an office appliance.

It is true that the fire insurance business is bound down by certain restrictions that make it in a degree different from other businesses. Rates are the same for all agents, companies look much the same to prospects, and the fact that practically every property owner recognizes the value of insurance offers small chance for argument on the general proposition. But this does not mean that the agent has no sound basis for an unsentimental, straightforward appeal for patronage. He can on the other hand turn the peculiar conditions that characterize this business to advantage.

To do this requires tact, of course. More, it requires ingenuity, resourcefulness, persistency and above all, a thorough knowledge of the companies and qualifications of himself and his rivals. Many an agent has that fatal fault of lacking the ammunition for his close. He may be able to get in touch with a prospect and work his case up to the very psychological moment for landing the policy, then lack the one pound of steam that puts the pen in the prospect's hand, as it were, and prompts him to sign the application.

The Three Points on Which the Agent Should be Certain to Concentrate in Closing

In selling insurance, the argument should be not only constructive, but eliminative. That is, not only can you show the prospect your own qualifications for writing his business, but you can show him that there is no possible reason why he should give it to any one else. This is taking for granted, of course, that you have real qualifications to offer him.

Suppose, for example, that you have in hand a stubborn prospect who is convinced that he needs protection

for his property, but is inclined to favor placing it with a rival of yours simply on a basis of friendship. There are three things that you can offer this man, three vital arguments on which will depend your gaining or losing his business. They are companies, terms, service.

Show him first of all that your companies are of unquestionable strength. Demonstrate this by statistics as to their age, their financial responsibility, their records on the occasion of the San Francisco fire or some other great disaster. Show him that they have never contested a claim or refused a payment—impress him with their promptness in settling losses.

Then go to the matter of rates. If there is any possible way that you can help him lower his rate, do so. A careful investigation of the condition of his property will tell you this. But if you can't reduce his cost of protection, at least you can show him that no other agent can underbid you. Possibly he does not know that rates are uniform. Show him that not even his most intimate friend can favor him on this point.

Then present your third advantage, service. Service is the most potent factor in fire insurance. It is the phase of the business through which enters opportunity for the actual rendering of professional, expert advice to the client. Even though you are on an even basis with your rivals in other respects, you can, if you will, stand superior on this score. Show the prospect your service record, concrete instances of how you have saved your clients money by giving them counsel in the selection of companies and forms of policies, in improving the nature of their risks, in making adjustments. Give the prospect figures and testimonials that will prove this. If you have been wise enough to make service a feature of your business, you can, by emphasizing it,

make your agency stand out distinctive among all your rivals. Put some solid thinking into the real superiorities of your agency, and then talk those points.

*Sizing Up the Prospect Before Summing Up Your Case
and Driving Home the Final Arguments*

Now, when you have presented these three phases of your proposition, size up the prospect. Possibly he may still hang back, reluctant to give his consent. But at least you have led him up to the psychological closing point—a clinching argument swiftly driven home will win him, if you but have it in reserve. Don't give up because he hesitates or is stubborn.

"Your case looks good," he may say, "but I think I will give my business to Wilson; he's a good friend of mine." Come back at him then by showing him that you are talking business strictly on a business basis, then pile up an irrefutable summary of all the arguments in your favor.

"Mr. Stevens," you can say, "if you were about to invest five thousand dollars, would you put it into a venture simply upon the recommendation of a friend, without first carefully investigating for yourself its soundness, its responsibility, its record as a payer of dividends?"

"When you are about to buy a suit of clothes, even, do you go to a certain tailor simply because you happen to know him personally and say, 'Here Smith, make me a suit of clothes; use your own judgment as to style and cloth?' No, you go to Watson, across the street, because Watson has proved by demonstration that he can give you the best service, the best fit and the best value for the money of any tailor in town, and you go to his shop and carefully pick out a fabric that pleases you,

knowing that your choice and his ability will give you suit satisfaction.

Place Insurance Before Prospects on a Strictly Business Basis—Show the Results of Unreliable Insurance

“Any other proposition which costs you money, Mr. Stevens, you consider of sufficient importance to warrant the closest personal investigation. Why not your fire insurance, which may mean the salvation of every dollar’s worth of your property? Is not a business transaction of this importance worthy of consideration on its merits rather than purely on the recommendation of a friend?

“See here, Mr. Stevens, I have satisfied you with the strength and responsibility of our companies. I have demonstrated that no one can give you insurance a cent cheaper than we can. Certainly you grant that, because the rates are uniform. So far then, at least, I have every advantage that others have. Do you think, Mr. Stevens, that any other agent can give you a more valuable personal, professional service than we can—in seeing that your protection is the safest, the soundest, the cheapest and the most satisfactorily placed? I am confident that you are satisfied on that point.

“Then the only difference between our agency and any other is this—that ours is the only one with a representative on the ground ready to write your application. You want insurance. If you wait even until tomorrow to place it elsewhere a fire tonight may wipe out all your property. In my opinion, there is only one thing, that stands between you and insurance—that is a decision as to the kind of a policy you want. And if you need any help on that point I think I am qualified to help you.”

Concentrate in this closing appeal the strongest points of every advantage in your favor—show the prospect that yours is the hardest kind of a business proposition, one that he cannot afford to consider carelessly—eliminate the purely friendship element. Then show him that even though you are on an even basis with other agents in most respects, the simple fact that you are there on the ground is the one great point in your favor. In this respect at least, you have not a rival. Make him see that he has no reason for giving his business to anyone else and you have, indirectly but surely, made the business your own.

Prove Your Case

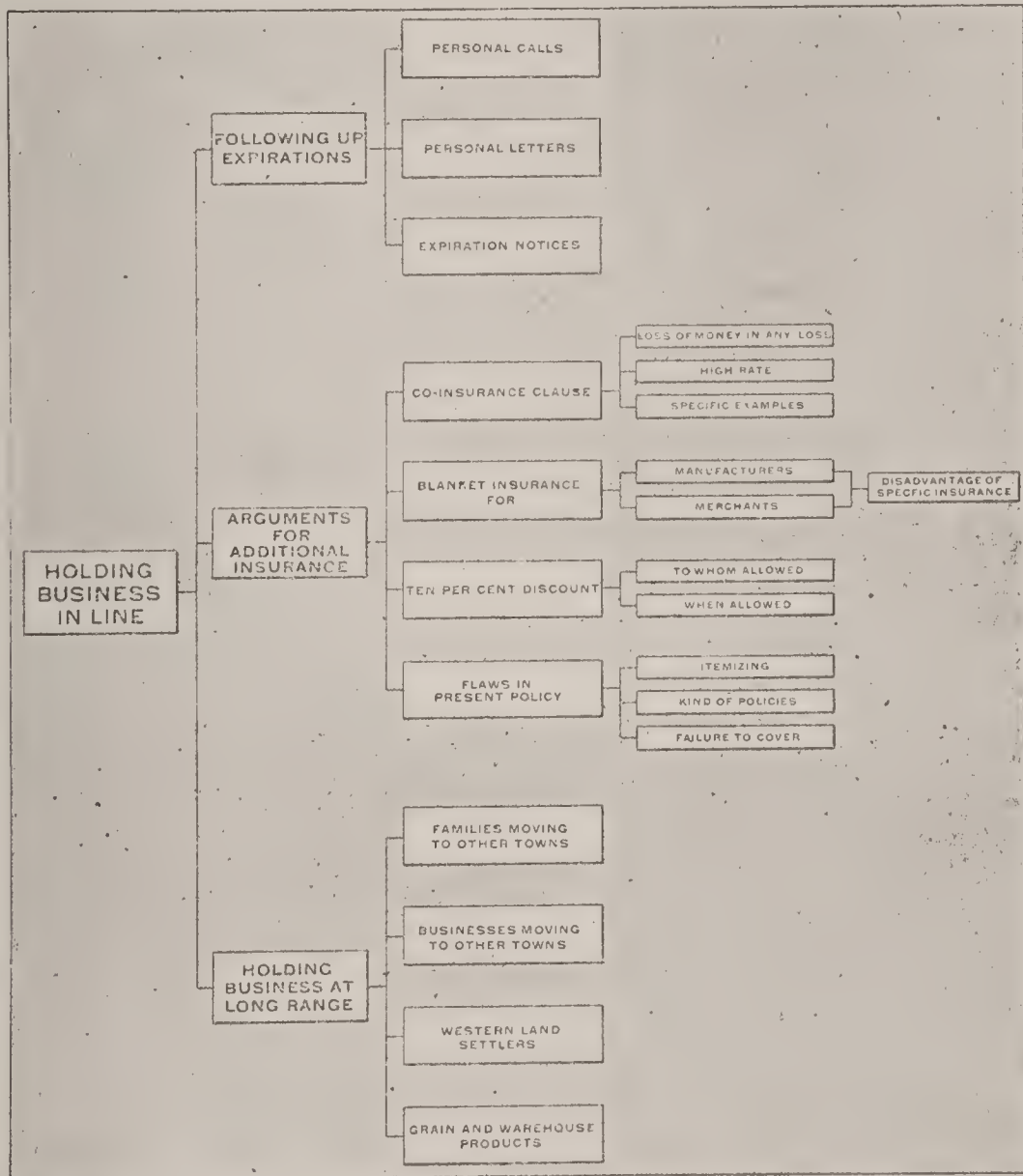
WRAP your mind about your proposition—study your prospect's needs. Analyze his case. Finger it over with the tentacles of your brain. Concentrate on it so long that every wall and door—every possible hazard and economy stands out distinct, orderly in your mind.

Then go to the prospect; show him that you know your business—and your share of his. Prove that in fire insurance you could begin at the sub-basement and fix him safe to the flag pole.

If you can prove it, you can do it.

Part IV

HOW TO HOLD BUSINESS IN LINE



The opportunities for intensive cultivation of the agent's field and the arguments to use for holding clients in line, are graphically shown here

Keep at It

PERSISTENCE wins—and a follow-up system is simply persistence made tangible—made automatic.

Keep after your man.

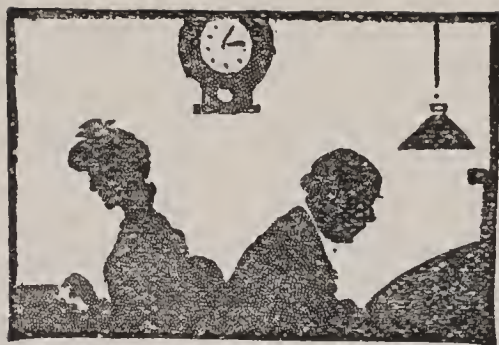
He may think that he does not need your line. Show him that he does.

He may hesitate—may put off decisive action till “another day.”

Be on hand today—“another day”—with new arguments—new persuasion.

The hardest rock melts before the drill that bites deeper every minute. The longest tunnel opens to the three-shift and eight-hour day.

Keep at it! Persist!



CHAPTER XI

How to File Expirations

To allow a policy to actually expire before the client is solicited for a renewal is an unpardonable breach of fire insurance ethics. And yet, how often it happens. You can recall many instances; if not in your own agency, in those of your competitors. Furthermore, you know how disastrous such an oversight may be. Your client becomes angry, when he learns that he has been unprotected, perhaps, for several weeks; and when a rival, who has had a memorandum of this expiration, asks for the business he usually gets it. The only excuse for such lapses lies in the fact that the agent making these mistakes has either an obsolete system for filing expirations, or no system at all.

The expiration file consisted for a long time of a so-called, "expiration register." This was a bound book, taking care of all policies whether written for a term of one year, three years, or five. For this reason, the agent was constantly carrying forward, duplicating and rewriting policy forms until he ended it all with the writer's cramp.

The live agent has now turned to the card index, which is particularly suited to his purposes. This file is much like the prospect file and spurs the agent to watch his

NAME						
ADDRESS						
COMPANY	POLICY NO.	AMOUNT	EXPIRATION			PROPERTY
			MONTH	DAY	YEAR	

Form I: Policy-holder's index card, providing a quick reference to the chronological index for expirations. Clients' names are arranged alphabetically behind guide cards

clients as carefully as he does his prospects. This expiration file has a variety of forms, but the basic principle of chronological indexing is the same.

The Card Index for Expirations—An Infallible Memory

The simplest style of the expiration file is made up of two forms consisting of a policy-holder's index card and an expiration index card. The card for the policy-holder's index (Form I) has spaces for the assured's name and address, and a list of all policies covering a property, with dates of their expirations. One of these cards is made out for each property insured. These are filed alphabetically in a tray, with guide cards, subdividing the alphabet sufficiently to provide easy reference to each individual card.

The expiration index card (Form II) gives the name and address of the assured, the name of the company,

policy number, date of expiration, description of property, amount of insurance, premium, rate and term. These are all filed by means of a chronological index according to the date of expiration. The index consists of twelve monthly guides, and daily guides from one to thirty-one for the days of the month. In addition to the monthly and daily guides there are also used yearly guides for the purpose of indexing the expiration cards of term business.

These two sets of cards act as cross indexes to each other. If, for instance, Jones wants to know when his next expiration occurs, amount of premium and so on, you pick Jones's card out of the alphabetical policyholder's index, note the nearest expiration date, turn to the expiration index, and, behind the guide card marking thirty days preceding Jones's date of expiration, you find Jones's other card with all the information de-

1910																															1911																															1912																															1913																															1914																														
JAN.					FEB.					MAR.					APR.					MAY					JUNE					JULY					AUG.					SEPT.					OCT.					NOV.					DEC.																																																																																																			
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Form II: Chronological card index for filing expirations. With daily, monthly and yearly guides, expirations are thus automatically noted two months before they occur

sired. The expiration cards are usually filed thirty, or, sixty days ahead of the actual date of expiration so that the agent will have time to solicit, by mail or in person, a renewal before the policy actually expires.

Cutting out the Detail by Amplifying the File—The Folder Expiration Index

The second method of filing expirations is more compact, a little more difficult to operate, but involving less detail work. In substance this file calls for the filing of the applications themselves, making them take the place of the expiration card index.

To every client should be assigned an ordinary folder made by folding a half inch beyond the center, a sheet of manila paper 8x12 inches. Folded in this way, one side of the folder projects a half inch above the other side and upon this is written in ink the client's name. This makes a durable pocket into which are dropped the copies of the daily report, sent to the home office. All these copies of applications are placed in the single folder, irrespective of properties or companies. They are filed in the folder in the order of expiration so that the application first written is always the first to attract attention.

These folders are fitted into vertical filing cases in the same chronological order as the expiration card index. This brings into a single compartment of the file all expirations that occur on any day. The daily, monthly and yearly guides are simply squares of pasteboard large enough to project above the folders. If several policies are taken out on the same property covering different periods, the folder is filed according to the first day of expiration. In most cases all policies can then be renewed and disposed of at the same time. Otherwise the

folder is advanced to the next day when any policy on that property expires. As an index to this folder file, the policy-holder's card index (Form I) is used. It must be remembered that in this expiration file as well as in the other, "date of expiration" means, to the agent, thirty or sixty days preceding the actual expiration.

*Duplicating Reports for the Folder Expiration File—
Adapting the Index to Your Own Needs*

This system of filing expirations has the advantage that it at once provides a means of filing the duplicate copies of the daily report and the expirations at the same time. No expiration cards have to be made out, for the contents of the folder itself contain all the information required for obtaining a renewal of the policy.

But it is possible to simplify even more the routine of the agent. With the "duplicate daily report" method he may not only bring his detail work down to a minimum, but he will insure accuracy as well.

When a daily report is made out, it may be duplicated by means of carbon paper and an indelible pencil—that is, if the daily reports are filled out by hand. The standard daily report is too wide to fit an ordinary typewriting machine, but it may, by folding, be duplicated in two impressions. Make an extra rider for the duplicate daily report, if it is desired to keep a rider on the register. Usually it is sufficient to fill in the register to show merely the number of policy, name of insured, rate, expiration, and similar data.

By using carbon paper, the labor of maintaining the files will be greatly reduced. This is provided for by having three forms of exactly the same size, with the spacing so arranged that an indelible pencil and two sheets of carbon paper transcribe the proper

NAME _____	
NAME _____	
ADDRESS _____	
POLICY _____	NO. _____ EXPIRES _____
MR. _____ 190 _____	
DEAR SIR: YOUR INSURANCE EXPIRES AS FOLLOWS:	
POLICY _____	NO. _____ EXPIRES _____
ON _____	AMOUNT \$ _____
WE WOULD BE PLEASED TO RENEW RATE _____	
YOURS VERY TRULY TERM _____	

Forms III (below), IV and V: The three copies of a triplicate record card. The first serves as an expiration notice, the second as a chronological file and the third as a cross index to the expiration file

information upon the three cards at one writing. The original slip (Form III) is sent to the policy-holder as a notice of expiration; one carbon copy is filed chronologically and the other alphabetically.

The original form and the two copies bear the name and address of the insured, number and amount of the policy, rate, term and date of expiration, and location of the property insured. In addition to this data the original is printed in the form of a post card or letter stating that the firm will be pleased to renew the above policy to which its name is signed. The original card, together with the second carbon copy (Form IV) is filed under the date of expiration. A month or so before this

date is reached the original card is mailed to the policyholder as an expiration notice and the second copy is left in the file. If no reply is received to the first notice, this second copy serves as a reminder to the office to call the customer's attention to the expiration of his policy, either by mail or in person.

The third carbon copy (Form V) is filed alphabetically as the cross index for the expiration file. This simplifying of the expiration system, although the result of an effort to meet the demands of a large insurance office, may easily be applied to an office that handles but a dozen expirations a day.

Of the two systems—the card index, and the combination card and folder index—the folder method is the best for the small office, but in large city agencies, it is often too cumbersome.

It only remains for the agent to determine which method is best suited to his conditions. It is necessary, however, for him to use some such infallible method if he hopes to hold business, once it is secured. Furthermore, the expiration file is the most important of all those used by the fire insurance agent. For it is not so much the securing of new business from new prospects that increases his revenue, as it is the steady renewal of the old.

Use Method

METHOD minimizes trouble. It facilitates work, it saves time, it paves the swampland of business.



CHAPTER XII

Selling Additional Insurance

BY SEDGWICK S. VASTINE

Insurance Broker

When an owner has insured his property, there are four arguments which may induce him to carry additional protection: (1) co-insurance, (2) blanket insurance, (3) a ten per cent discount for certain classes of property insured to its full value, and (4) flaws in the insured's policies. "A live agent," says a Western solicitor, "can usually find an opportunity in one of these four."

But to use these arguments so that they are intelligible to the layman requires more than ordinary knowledge of the fire insurance business. The mathematics of the co-insurance clause has long been a stumbling block for the agent who, while understanding the effects of the clause, has been unable to explain it. For this reason many merchants and manufacturers are under-insured and, in case of fires, have been contributors toward the loss. Often, too, losses have been sustained by the policy-holder because he was protected by specific, instead of blanket insurance.

The ten per cent discount which, according to the different state laws, may be held out to a man insuring

certain properties to their full value, is an argument that among certain manufacturers often secures additional business. Like common flaws to be found in policies, however, it is not generally understood. Flaws in policies are found by the agent who knows insurance from the first principle to the last.

These agents, however, are rare, for the average insurance agent is too much of a salesman. By that is meant, he cares more for the actual sale of today than the business of the day after tomorrow. He takes a keen, psychological delight in the fine points of a sale; and when, at last, he secures the policy, he too often stops there, no longer interested. For this reason many fire insurance solicitors know just enough about the business to make the sale—for they are salesmen. Upon making the sale, they slap together some sort of a policy, drawn up within the limits of their knowledge—one that will pass the clerk in the home office, and that satisfies the trusting client. Without a fire, the customer may continue to be satisfied; but with one, or after a wise agent shows him the mistakes he has made, he is alarmed.

Explaining the Subtle Features of the Co-insurance Clause—Putting the Proof up to the Prospect

Of the four arguments which the insurance agent has to offer, that of co-insurance is at once the most difficult to explain and the one which will most quickly produce business. In making the explanations to the prospect, the agent should always use the insured's figures, having previously worked them out carefully at his office. This is a precaution that the agent must take, for he and his sale are lost if he becomes entangled in a maze of digits.

The agent should first make the broad assertions that the prospect is not sufficiently insured, that he will lose

money in any kind of a loss, partial or total, and that for his insufficient protection he is paying a higher rate than he would for full protection. These three statements will usually jar the prospect from his apathy, and he will want a more detailed explanation.

Then the agent should show him that eighty per cent has been arbitrarily fixed upon in nearly all the states of the Union as the minimum amount of insurance which may be carried and upon which the companies will pay full value in partial losses. To be assured of full protection in partial losses, the insured must carry insurance to the extent of at least eighty per cent of the total value of the insured property. Thus on property valued at \$20,000, the insured should carry \$16,000 insurance. But suppose he figures that he will take a chance and insure for only \$12,000. The only fire upon which he could collect \$12,000 would be a loss fixed above eighty per cent of the total value. If this loss were total, he would lose \$8,000. But the large proportion of losses are partial, and upon each one of these also, the under-insured man will lose money.

*Illustrating the Effects of Settlement for Partial Losses
on Under-insured Property*

Suppose, continuing the same illustration, there were an \$8,000 fire. Although the owner is insured for \$12,000, he will not receive payment for his \$8,000 loss. The insurance companies have decreed that unless the owner is insured for eighty per cent of the total value of his property, he will be a co-contributor in case of partial loss. That is, he will be an insurer to the extent of the deficit, and will bear his proportion of the loss. According to the eighty per cent clause his insurance should be \$16,000. But it is \$12,000, twelve-sixteenths

of what his eighty per cent clause requires. Therefore, the companies will pay him only twelve-sixteenths or three-fourths of his loss. Consequently, with an \$8,000 fire, he will receive only seventy-five per cent of his loss, or \$6,000, becoming a co-insurer to the extent of \$2,000. And he remains a co-insurer for any amount up to \$16,000 (eighty per cent). With a loss fixed at this amount or above he will receive the full amount of his insurance (\$12,000), the co-insurance clause taking effect only when the loss is below eighty per cent of the total value of the risk.

Thus an under-insured owner loses money on every fire. If his loss is partial, and under eighty per cent, he becomes a co-insurer to the extent of the deficit in his insurance and bears his proportion of any loss. If the owner's loss is equivalent to eighty per cent or above, he receives the full value of his insurance, but obviously he loses the difference between his total loss and the amount of his under insurance.

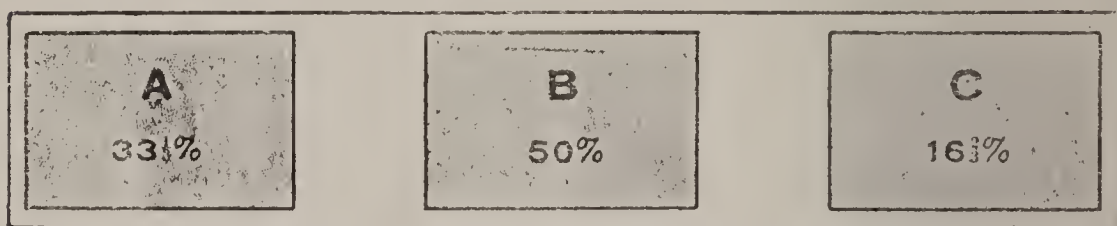
When it is explained to a merchant or a manufacturer (dwellings do not fall under this rule), that in order to receive full payment for partial losses he must carry insurance equal to eighty per cent of the total value of his property, he will seldom delay in getting in under the contract, for he realizes that most fire losses are partial.

*Using Graphic Methods in Explaining Blanket Insurance
—Showing the Folly of Specific Policies*

Advantages from additional protection involved in the second argument, that of blanket insurance, can best be presented to a manufacturer by means of illustrations, convincing him by the use of his own figures. For instance, three rectangles, A, B and C, may represent

the three isolated buildings of a fully insured manufacturing plant. Upon the contents of A, the building where raw material is stored, has been placed insurance to the extent of 33 1-3 per cent of the total value of the contents in the three buildings. Likewise, the contents in B and C are respectively insured for 50 per cent and 16 2-3 per cent.

But under this specific insurance the owner is liable to lose money on a loss although the total contents of his buildings are fully insured. Thus if A is the storehouse for raw products; B, the manufacturing plant; and C, the warehouse for finished products, it is plain



that the contents of the three buildings are constantly shifting. At certain seasons of the year each building has contents far in excess of the percentage allowed, and should a fire occur in one of these at such a season, the owner would be a big loser.

The agent can, with similar illustrations, convince the prospect that he is badly insured, and as a result the former is sure to increase his business by writing a blanket policy.

Such a policy, the agent can show the prospect, will insure the contents of the three buildings as if they were in one structure. Should a fire occur in one, or all three, the insured will be fully indemnified for his losses.

The ten per cent discount is allowed by companies in most states when a manufacturer insures for the full value of his plant. Certain classes of industries should be insured for the total value for they are more liable

to complete destruction than others. Policies for these prospects can be rewritten immediately it is apparent that full protection may be had in return for payments based on only a ninety per cent valuation.

Increasing Your Business by Pointing out the Flaws in Poorly Drawn Policies

The fourth argument—flaws in the contract—is one which embraces not only the other three, co-insurance, blanket insurance and the ten per cent discount; but which includes all the flaws that so often appear in the hastily drawn fire insurance policy.

Expert fire insurance men are taking advantage of this condition, and are writing new business by simply pointing out the flaws in the prospect's insurance contract. For instance, a Chicago agent who has made a specialty of writing printers' risks often finds in the contract flaws which at once secure additional business. One of his prospects had a plant worth \$10,000. He desired to carry insurance up to eighty per cent of this valuation, or \$8,000. His machinery was valued at \$8,000 and his stock at \$2,000. These he wanted to protect by placing \$6,400 on the machinery and \$1,600 on the stock, thus living up to the eighty per cent clause.

Later the printer found that one of the \$2,000 machines was useless for his work. He sold it and replaced it with a \$1,000 machine. Taking an inventory, the wise agent found that the contract which had covered the \$2,000 machine was now improperly drawn for covering the \$1,000 machine, provided the printer wanted to be insured for only eighty per cent. The value of his machinery was now \$7,000 and of the stock, \$2,000. Thus the contract required alteration to cover \$5,600 (80 per cent) of the machinery value, while the \$1,600

on the stock remained the same. The printer was carrying \$800 more insurance than he needed. He was grateful for being shown, and the wise agent is now carrying his risks.

But more often, in a business like the printing trade, the insured should have blanket insurance on machinery and stock. His stock is constantly shifting and he is buying new and discarding old machines. For this reason he will find, in case of fire, that he has been carrying excessive insurance on stock, for instance, and too little on machinery. Thus he will lose money when his total insurance may equal his loss. The agent should keep close watch of these risks, altering the policies when the risk changes and writing blanket policies whenever possible.

Making Standard Policies Adequate—Supplying the Lacking Features

Some agents have their own special printed forms, which they attach to the policy. The printing trade, continuing the same example, has certain peculiarities which the standard policies do not cover in their general terms, and which many agents fail to add in their specific clauses. Live agents have forms printed which do cover these items and which are attached to the policy.

In the printing trade such contents as standing forms, electrotypes, engravings, drawings and designs represent a great amount of labor and capital. Unless specifically provided for, these values could not be secured in case of loss. The special forms which agents have printed provide for this by insuring the standing forms of type at a valuation based on the value of the metal, plus the cost of the composition.

This is merely a simple instance of what may be done by the agent who knows his business throughout the twenty-six letters of the insurance alphabet. Expert work in the insurance field is becoming a necessity for the insurer; and in the near future the public may expect to see these professional experts in a field by themselves.

An insurance agent must know that manufacturers and merchants, until they have had catastrophes, pay only perfunctory attention to the insurance of their property. Too often their insurance is placed in the office of a relative or friend to "help him out." Contracts are accepted from him, without reading the conditions; without scrutinizing the wording of the form, and without, as a rule, really realizing the insurance requirements of the case. It is just here that the expert agent has his opportunity. Examination will show him hundreds of policies which are full of defects. Convincing the owner of these, the agent has the business.

*Extent of Specialization in Fire Insurance—The
Evolution of a Profession*

Expert work embraces the whole insurance proposition, following the policy from its beginning to its end. When a loss occurs, the expert takes care of the situation, advises procedure, attends to the proper adjustment and collection of the loss; and acts as a counselor regarding all changes which may occur in the nature of the risk and the bearing such changes may have upon insurance.

In communities where there are manufacturers engaged in hazardous processes, involving the use of volatile substances, the owners of the plants often have difficulty in placing their insurance satisfactorily, and ten chances to one an expert agent from an adjoining city

will have to be called in to write the risks.

Of still greater importance in building up a business, is the opportunity which the well informed agent has of helping the prospect before the risk is placed. By this is meant the important branches of inventories and appraisals, the layouts for proposed new plants, the reconstruction and rearrangement of plants originally intended for one class of occupancy, but which are about to be adapted to another, and other engineering and electrical features.

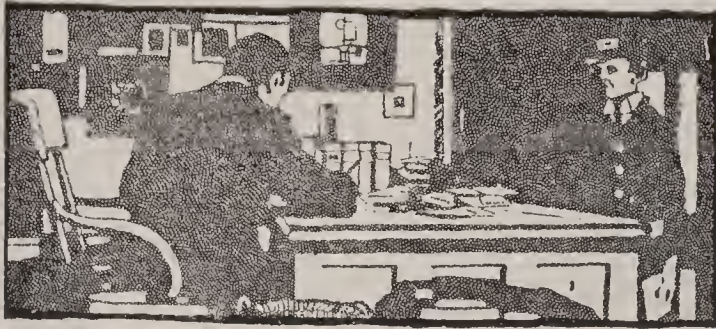
The time is coming when the fire insurance business will no longer be based primarily on friendship. The big risks are being placed with men who know. And the time is near when the agent will have to confine his arguments for additional insurance to the four features cited in the first paragraph of this chapter: (1) co-insurance, (2) blanket insurance, (3) the ten per cent discount and (4) flaws in the insured's policies.

Do It Better

LETTING well enough alone never won a premium nor doubled an agent's clientele. What was well enough yesterday is poor enough to-day. Today's success will never satisfy the big, growing ideas of tomorrow.

Win the risks your clumsiness lost. Discover the prospects your blindness missed. Solve the rate problems that balked your ignorance.

Keep up with your task! Do it better! Grow!



CHAPTER XIII

Holding Business at Long Range

BY JOHN B. MATH

Of Math & Woodrich

Chafing within the limits of what he thought was a narrow field, an ambitious Michigan agent was searching his brains for a method whereby he could extend his clientele. He longed to climb the provincial bars surrounding his own territory and get the business which appeared at long range. He had a hazy idea of the possibilities of mail-order insurance, but discarded it as impracticable. Still he felt that there was some way to increase his business. At home he was recognized as the most successful solicitor in the district. He had so identified his name with insurance that new business came easy and old business stuck. But in spite of this he wanted to spread out—to get beyond the frontiers of his limited territory.

Suddenly opportunity came, disguised as a calamity. The papers reported that one of the big local industries was planning to move its plant to a Pennsylvania town, near its base of supplies. This announcement meant that some seven hundred families would follow the organization into Pennsylvania. At first thought, the agent foresaw the cancellation of several hundred risks,

for he had placed many policies among the employees of the factory. His competitors accepted the loss of business as a fact; but this agent who had been dreaming of an enlarged field, was determined that at least his business should not shrink.

*Planning to Hold Business—Retaining Old Risks and
Securing New*

Getting in touch with all of his general agents, the local solicitor learned that if he could hold the business of his old clients in the new town, general agents would write his risks, giving him the usual commissions.

Outlining the campaign to his solicitors, he first began a canvass among his own clients. Without exception they agreed to let the agent take care of their insurance as he had in the past. They were going to a strange town, among strange people; and knowing this agent, they knew that they could trust him with their business. They already had a hundred things to think of, and by assuming the care of their insurance, the agent earned their gratitude. Besides arranging for their insurance to be placed in the new town, the agent in many instances succeeded in writing policies for household goods while in transit.

But, while the agent had practically saved his old business, he had not added to it as he had hoped. Through his clients, the agent learned that his competitors had been slow in seeing their customers, and, in most instances, had not seen them at all. The other agents had accepted the removal of nearly three thousand people with finality. The live agent, however, was bound to make business in the face of a local depression.

While his clients had disposed of their insurance matters, their neighbors formerly insured in other agencies

were uncared for. Thus they were in a receptive mood for the right kind of solicitation.

*Evolving a Plan and Then Carrying out
the Campaign*

The agent and his solicitors arranged lists of names of the persons working at the plant, and began operations, calling on the heads of households in the evening. In opening his argument, the solicitor showed the prospects that he had made arrangements with the general agents of his companies in the new locality, thus proving that he could write insurance there.

He pointed out to these prospects the fact that his old customers were already provided for. He showed how long they had been satisfied with his service, and followed with all his ordinary arguments.

In some instances, of course, the other agents had so strong a hold on their clients that it was impossible to swing the business. But, for the most part, the agent found that the prospect, on the eve of his departure, was willing to make a change. In the excitement of moving, he was glad to be assured of protection.

The final result of this campaign was that the agent, by writing all of his old clients, lost none of his business, but added to it by taking advantage of the lethargy of his competitors.

In addition he found, in this canvass, householders who carried no insurance on their household goods. These he had little difficulty in insuring.

*Retaining an Advantage Once Won—Adopting a
Suggestion and Expanding It*

The agent who made capital out of a local misfortune, still controls the insurance of the factory workers in

Pennsylvania and realizes a large annuity for his enterprise. In addition, he kept close tab on the effects of the move in his own town. Forced sales of property, vacant houses and new tenants all tended to create new business there, and of this he clinched a goodly share. Of course, such wholesale removals as this do not occur often, but in every town there is a fairly steady stream of prospects moving in and out. By keeping careful note of local conditions the live agent will be surprised with the amount of business he will be able to secure from families moving away. The family moving to Dakota lands, the restless printer, all the vast migratory host offer prospects for the long-distance underwriter.

The man who enters this field, however, must do so systematically. He should have a double card index file, one for a list of prospective causes for removals from the city, and the other for the names of those persons actually contemplating a removal. Newspapers, coal dealers, grocers and moving companies are a few of the possible sources for this information.

Following in the Path of Campaigns for Land Exploitation

In the larger cities land and trust companies are constantly inducing residents to move to western lands which they are exploiting. Where these firms are reliable, it is well to cultivate the friendship of the men connected with them. Usually their farms are sold on time, secured by mortgages. These must be secured by insurance on the destructible property, and for this reason the long distance writer has a lucrative field for writing combination fire and tornado policies.

Recently a Chicago trust company came into control of a hundred farms in the Red River region. The

bankers were anxious to sell and through their advertising manager began the exploitation. A far-seeing solicitor, who stood well at the bank, hurried to the institution and soon secured permission to write the insurance on all property sold. The purchasers of the land, who were mostly buying on time, secured their mortgages by insuring with the bank's friend. As a result this agent wrote over a hundred risks on property fifteen hundred miles away. Moreover, he still controls the most of that business, and by keeping in close personal touch with those clients through his letters, he secures the new business which comes in steadily as the prosperous farmers erect new homes and barns.

Besides writing this kind of insurance, the solicitor has an opportunity of writing the risks of his clients who have property in other cities. Similar to this is the writing of policies upon grain and other warehouse products. A high rate may be secured on this business and it affords the agent a substantial premium. When the insurance agent learns that a certain firm is to receive a large consignment of a product, he solicits the insurance on this product for a specified time, during which it will remain in the firm's possession. To meet these conditions the policy is often written up to be held for thirty days, and not to be in force until the consignment is received, and due notice given. The agent simply receives instructions to write up the insurance and hold it. At the proper time he receives a notice to close.

Observing the Law and Making Arrangements for Long Range Underwriting

Most states have a law compelling insurance to be written by resident agents of the state, but this does not

hinder an agent controlling a certain amount of underwriting in another city. An arrangement for writing this long-distance insurance is easily made with the nearest general agents of the several companies. The general agent receives the information of the removal and calls at once upon the client in his new home. There he verifies the inventory, prepared by the local agent at the other end, ascertains the rate in each instance and writes the policy. The agent at the other end receives the commission for the tip. He puts down the date of expiration in his expiration file, and, although many miles distant, still acts as his client's agent, thus making sure of the continuance of his commission.

The agent keeps himself before his distant client by means of calendars, circulars and personal letters which he sends out monthly to the names on his mailing list. When the risk is about to expire in the distant city, he notifies his client and the general agent simultaneously, and the risk is rewritten by the general agent's force as it was in the first instance.

Reach Out

SUCCESS to the man on the ground;
failure to the absent. That is the
first law of inertia.

Bestir yourself. Put your wits in
motion! Use the hundred means other
solicitors have for spanning distance.
Less and less is space insurmountable.
Reach out!



CHAPTER XIV

Systematizing the Office

Card systems for company accounts and the location of risks by districts are rapidly being adopted by fire insurance agencies throughout the country. The larger offices found the steps imperative and the smaller agencies found them practicable. In agencies representing ten or a dozen companies the old ledger accounts have become burdensome; and wherever the card system has been substituted, it has been found more efficient and easier to handle.

Agents, moreover, have found it both profitable and convenient to locate their risks systematically by districts. In this way they can see at a glance just what risks they are carrying in certain sections, what companies are located there and whether or not they will dare accept the hazard. Such an index keeps the agent's risks evenly distributed throughout his territory; and in case of fire, it equalizes the loss among all the companies.

Keeping Company Accounts by Card Index—The Card Described

But of first importance to most agencies is a method of keeping company accounts. In a previous chapter, a card index system was described, showing how to elimin-

assured on one line, and nature of the property directly beneath. Following is shown the amount and rate.

As commissions at different per cents are allowed on different classes of policies, columns are provided for premiums and returned premiums under each of these classes. By extending the amount of the premium to its proper column, all premiums at the same commission rate will be together. The debit and credit columns under "Miscellaneous" provide for all items other than premiums, and thus make the account complete in every detail.

A final column has been included for home city premiums. In many places a tax is levied on insurance business for the maintenance of the fire department. By extending to this column all premiums for policies written in the home city the record is easily drawn off. This saves the labor of going through a mass of accounts and separating local policies.

How the System Admits of Monthly Reports—The Segregation of Accounts

At the end of the month the account current is readily made up. Each column is totaled and the commission on each class of premiums is obtained from the total amount of that class. This system also assembles the entire account with any company. When a special agent calls, the cards for his company are taken out and handed to him for examination. He has no means of comparing them with the business written for other companies. At the same time the total business for any month is readily assembled from the individual cards.

Agents who have tried to keep an account of their risks by districts know that this is practically impossible with the book system. Space may be set aside for a

record in each district, but it is impossible to tell in advance how much space will be needed. The result is that the records must be scattered through two or three books. Yet it is necessary to keep a record of the risks in force in each locality in order to guard against placing too much insurance in close proximity to undesirable risks.

The card system has simplified the keeping of these records. For each risk written, a card is made out and filed, according to the location of the risk. One or more drawers of an improvised cabinet are used for each district. These may be by wards, voting precincts, townships or in any way to suit the conditions of the local agent. The list in each district is subdivided by street guides, arranged alphabetically.

Guide cards with wide center projections are used for the main divisions and the districts are indicated on guides with half cut right and left projections. These districts are subdivided by third cut guides, on which are written or printed the names of the streets. The policy cards are then filed according to street numbers. With these various subdivisions, the business in any district of a large city may be watched as closely as that in a small town.

Filing Rates of Target Risks—Having Information Instantly at Hand

To write a policy while the iron is hot, is the desire of every agent. But this is often impossible because the agent lacks specific information concerning the risk in question. Very often the agent is unable to give the prospect even an approximation of the rate. Of all activities, the business of fire insurance is the one which should be so conducted that when the insurance sales-

man brings a customer into the office, the rates may be found and the policy written with the least possible delay. This requires the classification of rates in such a way that the premium on a particular piece of property can be determined quickly.

The rates on property which the agent hopes to insure are secured from the underwriter's associations which, in the various states, fix the rates in small towns. Each association publishes a pamphlet in which are rated all the buildings of every class, together with a map showing exposures. In this case the rate is easily found by referring to this book, or if the hazard is a special one a special rate must be secured upon it from the insurance company.

In every town there are certain special hazards which the agent hopes to write. As the first step he writes to the company for the special rates on these hazards, studies them carefully and, if it is impossible to show

NAME		ADDRESS	
LOCATION			
POLICIES	EXPIRATIONS	EXPOSURES	
		N	_____ FT.
		E	_____ FT.
		W	_____ FT.
		S	_____ FT.
AMOUNT \$ _____		TERM _____	
DATE _____ 190		RATE _____	

Form II: Alphabetical index card on which is filed the insurance rate upon every risk likely to be solicited by the agent

the owner a means of lowering his present rate, files the rate away with rates of the other risks which he aspires to write. It is hardly necessary to add that the filing is done with small cards arranged alphabetically in a convenient tray. In this way the agent can systematically collect rates on every risk in his territory.

In a large city where property often varies in structural respects from the class of buildings to which it belongs, a more detailed method is required for finding the rate. Finding the rate, however, rests with the board of underwriters; filing it rests with the agent.

To keep the rates on property for ready reference, the city agent like the country agent, maintains a rate card catalog. Under this, properties are listed alphabetically, with a minute description. The card (Form II) provides for the name and address of the insured, the location of the property, amount of policy, term, rate and date of expiration. It also provides for the number of feet of the north, east, west and south exposures.

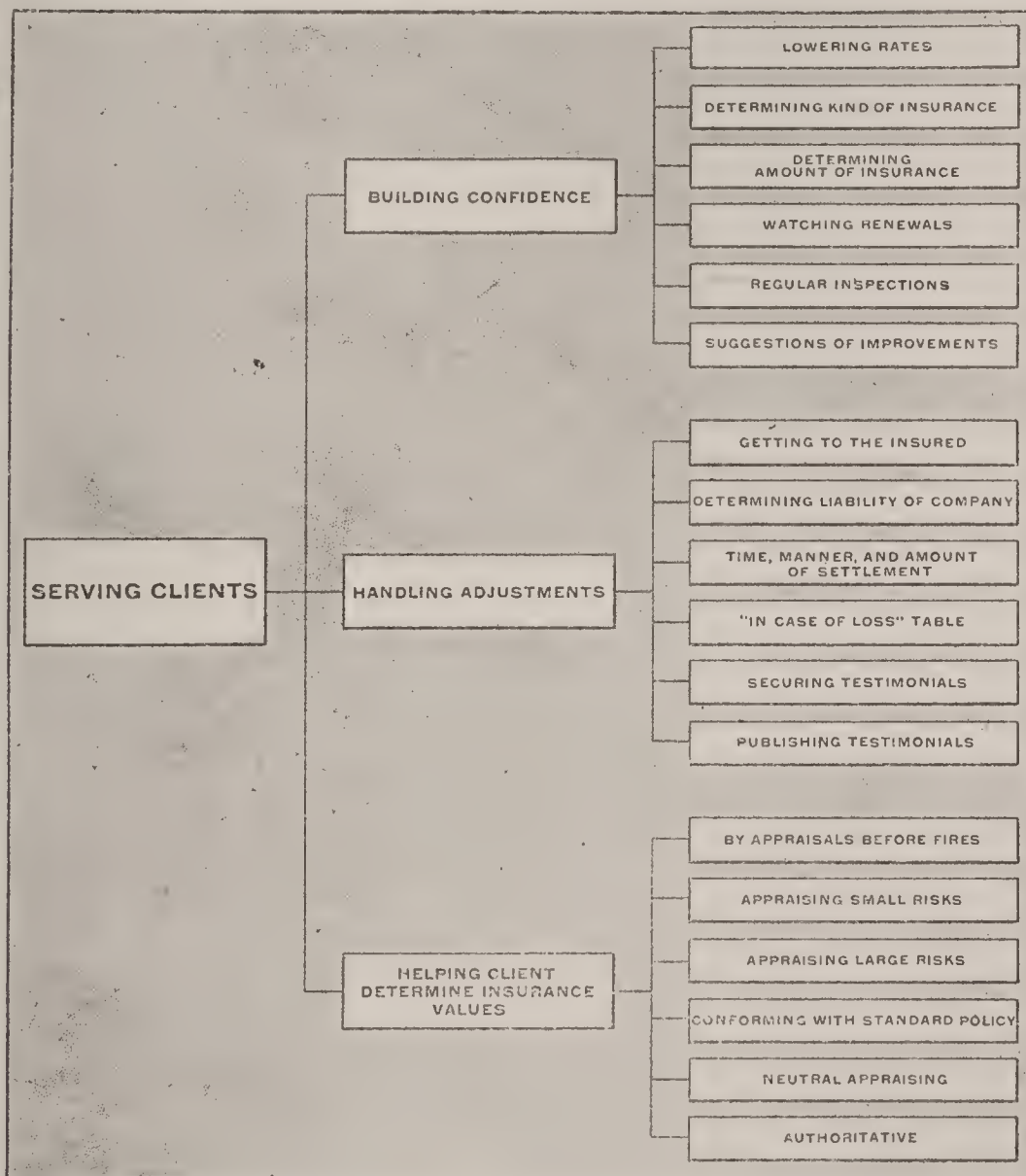
Settle It

A THING done wrong is just begun. Tomorrow, or next year, it will bob up serenely to be done again. You cannot bury it. All you can do is gloss it over, hush it up, hide it.

Save yourself embarrassment, loss of time, loss of temper. Settle it. Do it right. Systematize.

Part V

WINNING BUSINESS THROUGH SERVICE TO CLIENTS



Service—the distinguishing element of the successful agency—is here grouped in its three main divisions and charted in detail

The Right Come-back

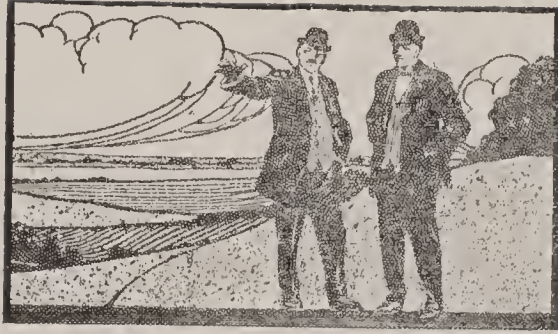
SUCCESS isn't made up of orders; it is made up of re-orders. And a good customer wrongly treated lasts no longer than the shoddy he buys.

No matter whether the commodity be merchandise or insurance, there is a "come-back" on every sale.

Whether it is a "come-back" in re-orders or a come-back for complaint, depends entirely upon the product you furnish, the service you give.

Every cent gained by misrepresentation is lost in patronage that never returns. However wide your field of new prospects, dissatisfaction can blight it.

Aim first *to sell satisfaction*; and your line will *re-sell* itself.



CHAPTER XV

Getting Trade by Building Confidence

BY JAMES D. FLOOD

Of Moore, Case, Lyman & Hubbard

Service gauges the success of the fire insurance agent. It is the distinguishing element. Because of service or the lack of it, one agency prospers, another fails. This is true with all occupations bordering on the professional, but it is especially true in the fire insurance profession—a business which, for the most part, can neither tempt the prospect with price nor particular quality of goods. The rates are uniform with all companies and to the prospect all companies look alike. For this reason the fire insurance agent has had to make the most of the feature, service—an intangible factor not bound down by legislation or board rules.

While the agent may be expected to perform nearly every conceivable kind of gratuitous act, service in the fire insurance sense falls into six natural divisions: indirect lowering of rates, assisting in appraisals, determining kind and amount of insurance to be carried, watching renewals, giving regular inspections, making personal adjustments.

Of the variety of ways in which an agent may prove himself to be indispensable to his clientele, one stands

out pre-eminent—the indirect lowering of rates. preceded by alterations in the risk. It is the agent's nearest approach to the selling tactics of the merchant. Wherever possible, the aggressive agent never fails to suggest physical improvements which will reduce the rate. Backed up with facts and figures, he is in this way not only able to retain his own business, but to secure risks heretofore unresponsive to his best solicitation. The shortest route to a business man's heart is through his purse. Show him how he can put dollars into his surplus and the battle is won. Often, pointing the way to a direct saving in premiums will cause a big risk to change agencies in ten minutes.

For several years a young Chicago solicitor had been fruitlessly attacking a \$100,000 risk. Suddenly the truth dawned on him that while he had been reciting his abilities, he had failed to prove them. Unless he actually showed the firm what he could do, he could never hope to land the business.

Resolving to find a point of contact, he started some quiet investigations, with surprising results. He found that his competitor had been lax with the biggest risk on his books. There were possibilities of lowering the rate in half a dozen places. At the end of three weeks he again called on the manager of the factory, this time primed with facts and figures.

"Give me \$500 and I'll give you \$1,000," he exclaimed as he pushed his way past the office pickets and into the ground-glass sanctum of the general manager.

"What's that?" exclaimed the amazed executive.

"The point is this," began the agent, "you are paying too much for your fire insurance. Give me \$500 and I'll tack up two dozen 'No Smoking' signs, move your gasoline tank outdoors, place hydrants in the eight halls,

hang chemical fire extinguishers in every room, put five iron doors in the stock room and cut off your drying room. These will lower your rate about one dollar a hundred and save approximately \$1,000 a year in premiums. Here are the figures."

The manager was speechless. Here was a phase of fire insurance business with which he was unfamiliar. But he saw the point. "Young man," he said, "here is my order for the five hundred. Put those alterations through and then come back for our expiration dates."

And the wise young agent got the business. The former agent lost his best customer because he had failed to give his client the benefit of his expert knowledge. In the young agent, the factory manager saw a live servant—a man who would be of real dollars and cents service.

Possibilities for Indirect Rate Reductions
—Giving Clients a Square Deal

The possibilities of indirect rate reductions cannot be too strongly emphasized. Opportunities begin at the time the prospect is planning a structure, and continue as long as the agent is in the business. Risks are often solicited while buildings are still on paper, and before, if possible. They are immediately cinched if the agent is able to sit down and suggest practical alterations which will not only minimize the possibilities of fire, but will reduce the insurance rates as well—an expense which is as regular and insistent as taxes. In the larger cities some of the insurance agencies even go so far as to employ graduate engineers who will estimate the exact cost of the improvements, and may even supervise their construction.

Selection of the kind and amount of insurance is a service which the prospect naturally associates with the

writing of a policy, and yet, because many agents fail in the first step, the country is flooded with policies so poorly drawn, that upon a very large per cent of them payments might be legally refused were it not for the liberality of the companies. Specific insurance is frequently written where blanket policies would give real protection, and itemizing is often but half done.

I have a college acquaintance who is now running a second-hand book store near the campus where we used to attend the university. Recently I looked over his insurance policies which had been drawn up by a local agent and found that neither second-hand books nor those sold on a commission were itemized. Had there been a fire, he could have collected on only the few new books which were on his shelves.

When I was again at my office I wrote him a letter enclosing "riders," properly itemizing his stock, which I said I would paste on his policies and report to the companies if he would mail me the contracts. Within three days they were on my desk, and I performed the promised service. When those policies expired, I got that business and several other risks which the book-seller swung my way.

Watching Reports of Companies—Protecting Your Clients From Loss

While lowering rates, assisting in appraisals and giving advice as to kind and amount of insurance are services which the agent performs in the hope of influencing the prospect, the services which he gives his clients are of even greater importance, for through them he holds permanent patronage—the salvation of the fire insurance agency.

Renewals are not only watched by live agents, but the

companies are watched as well. Every agent has risks which for a variety of reasons are difficult to place. Often he must write them in companies which have not as good standing as some which refused the risk. For this reason the agent scrutinizes their reports carefully. Weekly reports on all companies, to be had from certain insurance publishing houses, enable the agent, if he will, to keep close tab on every company he represents. If these reports indicate that the stability of a certain company is questioned, the agent should transfer the policies he has in that company, secure a return premium and thus guard the interests of his clients.

One of the western agencies advertises this feature and has many proofs to offer of its efficiency. A few months ago, through their advance reports, they determined that a certain company was unsafe. They canceled all the policies in this company, secured the full return premiums and transferred the policies, just before the company failed for thirty cents on the dollar. Within ten days one of the agency's clients, for whom policies had been transferred, burned out. He received payment for his loss in full. Had he remained in the other company, the chances are he would have received much less than thirty per cent of his insurance. He and the clients who had received their full return premiums were forcibly impressed with the efficiency of the agency which had protected them, and immediately began to swing business that way.

Inspections, regularly made, are one of the best service features to be found in the up-to-date office. Agencies that are large enough employ a corps of men who do nothing else but inspect risks. Visiting the larger hazards at least once a month, they make thorough inspections, suggesting improvements and reporting the

careless acts of workmen which might result in a fire. The client is constantly reminded of the valuable service which he is receiving.

How Inspection of Property May Save Money for the Client—Conditions That Raise Rates

The efficiency of such service was recently pointed out in a Michigan manufacturing plant. Inspectors for a local agency found that the concrete bed underneath the boilers rested in turn upon wooden timbers, which from direct contact with the stone were too hot to touch. Within another week the slow drying timbers would have been ignited, and a disastrous fire might have been the result. Steel girders were immediately installed and the client was so impressed with this one specific example of agency service that he is still reciting it to his business friends.

Inspection service, while not always as dramatic as in this instance, is always effective. Many clients have been so tutored that now they seldom do anything of importance affecting their buildings without first telephoning their insurance agent for advice. A Chicago flat owner was surprised recently when his insurance agent told him that if he rented one of his apartments to a dressmaker, the rate would be advanced ten cents on the entire building. This timely bit of advice saved the client \$40 insurance on his \$40,000 building for one year. Had he admitted this prospective tenant without first asking his agent, the profit on one apartment would have been more than lost.

Making adjustments is another important service. The chief element of success in this branch of the business is to get the money into the assured's hands as quickly as possible.

Last year a Chicago grocer sustained a loss of some \$1,200 while he was attending a convention in Cincinnati. There was no question about the legality of the fire and, as the risk was covered in several agencies, the settlements were made by the local agents. All the agents, save one, rushed their checks to the grocer's wife. The other agent sent his check in a special delivery and registered letter to the client's hotel in Cincinnati. That grocer is still talking about the check, and although the other agents paid their claim promptly the grocer is now turning all his business over to the agent who was enterprising enough to get his letter to the actual loser in Cincinnati.

Such services as have been outlined here are rapidly becoming the attributes of a good agency. The insurance agent is building a profession. He must perform much the same service in his line as does the attorney in regard to the client's legal rights. It is the agent who makes the most of such opportunities that lays the surest foundation for a permanent business.

Profit Sharing

A THOROUGHLY selfish business cannot permanently prosper. To establish trade, to win prospects, is to yield some profits, inclinations, thought and labor, unrequited, to satisfy and hold your clients. Profit in the insurance field comes finally from service.



CHAPTER XVI

Adjustments That Create Business

BY B. C. BEAN

To be known as, "The best agency in town to make settlements," is to enjoy the help of the passive factor in insurance business-getting—a reputation for promptness and sure pay. An agency with such a reputation always has a conspicuous lead over competitors in writing volume and quality of risks.

Although this reputation is of such vast importance it is surprising how easily it is often obtained—and lost. One prompt and liberal settlement often puts an agency on the road to prosperity; an ill-adjusted loss often undoes the careful work of years.

It is the aim of every agent, therefore, to create business along the lines of adjustment. To do this the agent must work, as far as possible, along the lines of what the assured desires. When loss occurs the assured wants to know, in general, where he stands. Particularly he wants answers to two big questions: (1) liability of the company; (2) probable time, manner and amount of settlement. These questions are perfectly logical, for it is always to be remembered that, to the average insured, the policy, with its many provisions, is practically meaningless when it comes to interpretation.

When loss occurs, the owner immediately thinks of instances where payment has been evaded, as he has heard, through some "fine type" profession, or some other clause in a policy. Then the manner of loss may be, and often is, such as to leave the question in the mind of the insured as to just what the policy covers. Fire following explosion, or loss of goods from adjacent conflagration, doubt as to the definition of the term "stock, or contents," are common examples.

The first principle in business-getting adjustment is, then, to convince the assured as to the liability or non-liability of the company. No time should be allowed to elapse between the loss and the authoritative statement of this. As soon as the assured has been informed of the liability of the insurance company, the agent should next inform him as nearly as possible as to the probable time, manner and amount of the settlement. This is of special importance, for if the assured is in doubt he advertises his doubts. Once he has positive information he is in a position to help the company and agency by positive, favorable advertising. The assured who has positive confidence—before his loss is adjusted—that he will be satisfactorily recompensed, has not only helped to bring about that general satisfactory condition, but his satisfaction often acts as a lever to write dilatory business while the memory of the loss is still vivid in the minds of the public.

Providing Against Possible Dissatisfaction Over Adjustments

But unless the agent has provided for a preliminary means of rightly handling property losses, he will be unable to answer the questions which naturally arise in the assured's mind. These questions are answered easily,

however, if the agent has prepared an "In Case of Loss Table," as described below.

In case of loss, no two insurance companies may delegate the same authority to the agent. Whatever uniformity exists in rates, stamping requirements and reports, this uniformity does not hold in adjustments. Company methods vary from liberality of authority and payment, to closeness both in the delegation of adjustments, particularly through the agents and in the actual payment of the loss. As a consequence of this condition the agent who has a loss in his agency does not know what steps the company will take, unless he has secured just this information in advance.

In order to be able to promise the assured something definite, therefore, the agent should make use of the "In Case of Loss Table." To prepare this table, get a statement from each company in your agency, stating: (1) to whom and how loss notifications should be made; (2) sizes and kinds of losses to be handled by (a) agent; (b) special agent; (c) general agent.

This table should be comprehensive enough to cover any loss or losses which may occur. It may be drawn from either of two sources, the supervising agency or the special agent. The former source will have an advantage, as statements from the supervising agent will be in writing and a matter of record. Special agent's instructions will be more comprehensive, but in case of dispute are not commonly of record. Usually it will be best to have the special agent write the letter of instructions when he has authority, giving as full information as is required. This table, prepared and kept up-to-date, furnishes the basis of business-creating adjustments. For, no matter what the loss is, the agent can tell the assured what he most wants to know: liability

of the company, probable time and manner of settlement.

Now that the agent has so valuable a record as the "In Case of Loss Table" he must be the first on the ground in case of loss, he must get to the insured, for it is a well-known insurance axiom that "The presence of the agent insures confidence in the company." Indeed, this is such a valuable asset that at least one banner agency makes good use of the catch-line: "First on the ground in case of loss." It is always to be remembered that both mental and physical reasons prompt the agent to take up this stand: mentally, the assured is in a more or less acute state of shock; physically, property may need conservation to avoid preventable waste.

The second step before adjustment is one fertile with possibilities—the assured may need ready money. The agent should not let a competing agency at a bank having an insurance department, be first on the ground with offers of temporary funds. A live agent will see that the agency makes all advances against future payment of losses.

*When the Company Adjusting Attends to the Loss—
Assure Your Client That He Will be Protected*

All adjustments are either made by the company's adjuster or settled through the agent. If the settlement is to be made by the adjuster the agent can save the assured much time by securing a preliminary statement, unless there is a large number of companies on the risk. If the agent uses the duplicate daily report method, as described in a succeeding chapter, he has at hand all the information (aside from possibly the special agent's inspection report) that the company has. It is also possible for the agent to get the assured over some of the slow points in adjustment; for instance, to forestall

any idea of over-payment; to define the cost price, loss depreciation, basis of values, and to take up similar points. To get the assured in the right "settlement" frame of mind, is no small task for the agent.

Companies universally recognize that agency adjustment tends to liberality. As a result, depending upon the policy of the company, the local agent is seldom given authority on any except small losses, as those up to \$250, or more rarely \$500. From his "In Case of Loss Table," the agent can readily determine whether or not he will be expected to settle the loss. If he settles it, he pays on the shortest time possible. For rightly or wrongly, the public has the universal idea that promptness means worth. A company pays promptly; it must be reliable, so the average insured reason; and business is built up by working along the same line of thought as that of the prospect to be influenced.

With his own adjustment, therefore, the agent finds his opportunity. As the standard New York policy reads: "The sum for which this company is liable shall be payable sixty days after date of satisfactory proof of loss has been received." This means that two months may elapse before the assured may actually have his money, where an adjuster handles the loss. By handling it yourself, you make it a point to get the money representing that loss in the hands of the assured, *within twenty-four hours*. A small loss quickly paid creates more business than any other principle in adjusting.

Avoiding Arbitrated Settlements—How to Handle Excessive Claims

In making these settlements arbitration should be avoided wherever possible, as it is bound to be unsatis-

factory. Whatever the assured gets through a board of arbitration, he is sure to think that it came to him because he called for a board of arbitrators. Unless the assured is known as a most unreasonable man, arbitration makes a poor talking point. One leading local agency makes the slogan, "A thousand losses paid without a single contest." The public feels that arbitration means a contest—a dispute. As a result, arbitration is generally a poor advertisement. Dwelling risks are often the subject for dispute, for they are usually given a sentimental value by the assured. When an owner makes excessive claims of this nature it is wise policy to let the loss go to arbitration. The assured, knowing the claims are excessive, will not wish to do this, and will commonly accept a reasonable settlement.

In satisfying the assured a method of figuring loss must be used that is readily comprehensible. For instance, in calculating the value of a frame dwelling, the experienced agent has but to determine the cubic feet and age in order to determine the value. Such short cuts will not do for the assured. The value must be reached by working along the same line as the assured took in accumulating his property.

Stock losses call for careful computation, also along the assured's line of accumulation. Of the standard methods, a formula which takes the net inventory, adds purchases and deducts sales, less estimated profits, agreed depreciation, and salvage, has a merit of being simple and easily understood.

How to Get the Assured to Boost After Adjustment— Securing Testimonials

Once I have made satisfactory adjustment, what will be the advertising value to my agency? This should

be the by-product thought of every adjustment. Right handling means that the assured will boost. Handling along the line laid down above will always secure satisfaction. Satisfaction secured, there remains nothing but recording—placing in the shape of evidence the fact that a thoroughly satisfactory adjustment has been made.

Testimonials from the assured should cover other points than prompt payment. A small policy-holder—one having few influential friends—fears that the mention of the law may be invoked against him or that brow-beating tactics may be employed. This is not possible in the ordinary country town, yet the fear sometimes gains hold there. To create business, therefore, the agent will see that the assured not only covers the “painlessness of adjustment” but that he circulates the news first hand.

In using adjustments to create business it is always to be remembered that timeliness is the leading business-getting factor. Pay the loss—get the testimonials—do the advertising while the ashes—and public interest—are hot.

Know Your Ground

THE time to adjust is beforehand. Let the fire find you with a solid policy—a case that only the insured's dishonesty can shake. Only thus can you make sure of his satisfaction—of your growth.



CHAPTER XVII

Helping Clients to Fix Insurance Values

BY ARTHUR K. WOODBURY

Manager Metropolitan Department, American Appraisal Company

Let the fire insurance solicitor have one or two contested settlements and he will find himself on the toboggan slide to failure. In spite of his own innocence and the justification of his company, the solicitor will have to bear the unearned suspicion of the community. The insured will always think he was beaten, and the public will look upon the company as insecure.

Almost every law suit could be eliminated if the agent convinced his client of the desirability of appraising his property before a fire instead of after it. For there is not a business man, lawyer or judge in a court of law in the land who will dispute the fact that a proof of loss prepared before a fire is more valuable than a proof of loss after the fact.

Showing Your Client How to Appraise His Property on a Depreciation Basis

The average insured person keeps no record of values other than the book value, or inventories, which always or nearly always show a depreciation basis upon the original cost price and not upon the present day prices

to reproduce. If the risk is a small one, the agent can show his client how to appraise his building and stock to comply with the requirements of the standard form of a fire insurance policy. But, if the risk is a special hazard or a manufacturing plant, the agent will find that an appraisal by disinterested parties is necessary. Moreover, it should be a scientific appraisal—one that is obviously neutral and based on recognized authority.

The system herein described was devised by one of the largest appraisal companies in the business and has been adopted by 2,200 leading concerns in this country and in Canada. Some private corporations—notably the Standard Oil Company—have organized their appraisements along the same lines. It is applicable alike to the stock company and factory mutual insurance, and to all forms of the “Standard Policy” used in various states. And—the best testimony of all—it has stood the practical test of prompt and satisfactory settlement for \$5,500,000 in fire losses.

Invariably the solicitor should show his client that an insurance policy is not a contract to pay money. It is simply a contract of indemnity—and conditional indemnity at that. The indemnity may be satisfied either by replacement of the property destroyed or by payment of its “actual cash value” in money to the assured. The option as to which method of satisfaction shall prevail rests with the insurance companies, not with the assured.

*Using the New York Policy as a Standard for
the Appraisal*

The New York standard fire insurance policy, which is largely followed in other states, provides that the insurance companies “shall not be liable beyond the actual cash value of the property at the time when any loss or

damage occurs and that the loss or damage shall be ascertained or estimated according to such actual cash value (with proper deductions for depreciation, however caused), and shall in no event exceed what it would then cost the insured to repair or replace the same with material of like kind and quality."

Elsewhere in the policy the words "cash value" and "sound value" are used synonymously as indicating the measure of the insurance companies' liability in the destruction of any article insured. Where there is no actual depreciation, the sum defined as "what it would cost the insured to repair or replace the same with materials of like kind and quality" at the time of the fire becomes the "cash value" or "sound value" of the property. The assured cannot specifically demand replacement, although he can get the cost of replacement in an action at law. If he would insure rightly, he must get the present cost of replacement, accurately figured, as the unit of value from which to estimate "depreciation, however caused," and thus arrive at "cash" or "sound" value. It is the business of the solicitor to see that the insured understands this thoroughly.

The same rule applies to machinery, fixtures and furniture. If the owner proves his loss correctly, he must be paid the sound value of what was destroyed—not some substitute for it—provided the article destroyed is procurable.

Depreciation in the insurance sense means actual, physical deterioration, militating against the worth to the owner (in relation to the uses and purposes for which it has been produced or is maintained) of the article appraised. Thus, any circumstance which renders manufactured goods less valuable on the market than when they were made—as, for instance, antiquity of style

—can properly be charged off in depreciation. But the estimated salable worth of a manufacturing plant bears no relation whatever to its “cash value” from an insurance standpoint. The manufactured article is made to sell; the plant is made and maintained to operate. The value of one is tested from a commercial point of view; the value of the other from an industrial point of view.

The majority of manufacturers, each adopting an arbitrary figure of his own, write off annual percentages, miscalled “depreciation,” against their factory inventories, to provide for the purchase of new machinery. It is a dangerous practice, liable to prove a boomerang in case of fire. The factory inventory should be kept strictly on the basis of sound value. Allowances for renewals should be written off in a separate account, which may be called “investment account,” “plant sinking fund,” or any other name the manufacturer chooses to give it.

✓ *Determining the Insurable Value of Raw Material and Stock*

How, then, shall sound value be determined? It must always be remembered that the cost of replacement at the time of the fire is the unit of value, from which actual depreciation must be figured—not the original cost to the owner of the article damaged or destroyed. On this basis the following system has been established by an appraising company, after years of experience.

First, as to raw material, the stock book of the assured, together with such other evidence as can be obtained, determines the amount on hand at the time of the fire. Sound values are determined by the market quotations at the time of the fire.

Second, as to manufactured product and "stock in process," an examination of the client's factory cost system is made, if desired, to ascertain its applicability to the insurance problem. If it needs amendment—which is usually along the line of simplification—the necessary changes are suggested. No general directions can be given for a factory cost system, as one plant differs so radically from another. The governing principle, however, is that everything which enters into the expense of producing any article—including not only "shop cost," but also "overhead" or "fixed charges"—may be figured at its insurable value up to the point where profit begins. Profit may not be figured, even though the article has been sold in advance and the manufacturer has lost a profit already earned.

Third, as to plant—buildings, fixtures, furniture, machinery and tools—an appraisal is made which amounts to a set of detailed working specifications, with plans, for the reproduction of the entire property. Sectional plans of each building are drawn and piece-bills or bills of quantities are figured out, story by story, so that the structural quantities in any square foot of the building can be determined with absolute accuracy. The present cost of the different building materials used in construction and the present cost of labor in erecting and assembling these materials are ascertained.

*How the Appraisers Piece-bill a Plant from the
Ground up*

In piece-billing a plant, the appraisers start with the uninsurable portion—foundations and excavation work, drainage system, dam structures, flumes, water-wheels and wheel-pits—in short, all portions of the property which may legally be excluded from the operation of the

co-insurance clause under the terms of the policy. This is important, because nearly every manufacturer's building account in his books has the insurable and uninsurable portions of his plant hopelessly confused.

To piece-bill accurately, the original builder's specifications cannot be relied upon. They constitute only a general bill of requirements. What the manufacturer needs is a specific bill of particulars. To secure this, competent construction engineers go over the completed structure with the tape-line, measuring accurately the quantities of each kind of material used. Material men—not less than three reputable and experienced dealers in each town where the appraising is done—furnish signed statements as to the cost of all raw material. A record of "scale" wages in the various local building trades is compiled and proper allowance made for the average cost of superintendence of construction. From this data the present cost of construction is figured much more accurately as a guide for insurance than any single builder's bid on a particular structure.

*Detailed Appraisal of Equipment Most Important—
Classifying in Accordance with Policies*

Proceeding to the interior of the plant, a detailed descriptive inventory is made of the contents of each building, floor by floor, showing how each machine with its appliances is differentiated from others of the same type. Measurements and descriptions are made of shafting, belting, pulleys, piping, heating and lighting systems and all other fixtures. Tools and machine fixtures of all kinds are inventoried in each room. Every article is priced on the cost of reproduction, obtained from the maker of the machine or tool, at the time of the appraisal; or based on the judgment of the appraiser, if

the article is not sold on the market. In this way an independent, disinterested record of values is established, which constitutes practically indisputable evidence in the event of a fire.

No fixed rule as to the classification of this data can be given. This depends largely on how the manufacturer's policies are written. The general principle is that every article so attached to the building that it could not be removed without damage to the same is a part of the structure. Yet this rule is not invariable. Local boards of underwriters and special agents of the insurance companies issue more or less arbitrary rules on this subject, which govern the districts where they operate.

In appraising machinery and fixtures the method is to price the f. o. b. cost, plus freight and installation, in the detailed book of appraisal, noting depreciation on an entirely separate sheet. This is done so as not to mix up matters of opinion with the matters of fact.

For instance, a machine is examined by the appraiser and fully described in his "field notes." This description is gone over in the pricing bureau by an expert on mechanical values, who has at his command the latest quotations on the reconstruction cost of this machine and all similar appliances.

In the event of a fire, machinery and fixtures are appraised from up-to-date information, the same as buildings. The price-lists from which appraisals are figured are constantly annotated with changes in price, as fresh catalogs are issued by leading manufacturers of machinery and tools in this country and in Europe.

Depreciation is not dependent upon the length of time an article has been in the plant. Some appliances will depreciate rapidly on account of the character of the

business; others on account of the amount of work they have turned out; others on account of the care or lack of care they have had from their owners. All attempts to determine the condition of machinery by so-called "depreciation tables" are futile.

How the Appraisal Is Kept Accurate and Sufficiently Up-to-date

A duplicate of all the records which have been made up, is placed in fireproof storage, together with signed reports from the appraisers as to the condition and value of everything in the plant. Plans are drawn of each floor, locating all the machinery, shafting and other fixtures. These fixtures have numbers on the plans, corresponding to the numbers given them in the book of appraisal.

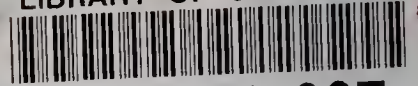
The client, having duplicate plans and a duplicate book of appraisal, reports changes in the plant on ruled forms, especially prepared for that purpose. These reports are filed with the original appraisal, supplementing the record, so that a re-appraisal can be made at any time. At certain periods, the whole work is gone over, so as to get a fresh basis of replacement value and also to revise the depreciations.

The plans are so drawn as to comply with the requirements of the standard policy forms for the furnishing by the assured of "verified plans and specifications of buildings, fixtures and machinery" in the event of a fire loss. When the conditions of the policy have been met, official recognition of the re-appraisal made after the fire from correct data obtained while the plant was a living thing—not a blackened corpse—follows as a matter of course.

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